

UINTAH COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

**UINTAH COUNTY
BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Uintah County
Vernal, Utah 84078

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Uintah County, Utah (the County) as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

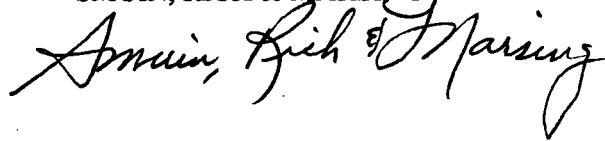
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Uintah County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, "B" Road Fund, and Municipal Services Fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 11 and information on Infrastructure Assets using the Modified Approach on pages 66 and 67 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2007, on our consideration of Uintah County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Uintah County's basic financial statements. The combining and individual fund and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name of the firm.

Price, Utah

May 25, 2007

**UINTAH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

This discussion of Uintah County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements. All amounts, unless otherwise indicated, are expressed in **thousands of dollars**.

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- The assets of Uintah County exceeded its liabilities as of the close of the most recent year by \$308,232 (*net assets*). Of this amount, \$41,530 (*unrestricted net assets*) may be used to meet the governments' ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$10,280. The revenues and expenditures were less than the adopted budgeted amounts.
- At the close of the current year, the Uintah County governmental funds reported combined ending fund balances of \$29,633, a decrease of \$3,019 in comparison with the prior year. Approximately 50.97 percent of this total amount, \$15,104 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current year, unreserved fund balance for the general fund was \$7,163, or 88.49 percent of total general fund expenditures.
- Uintah County paid off an \$8,000 bond in 2006 decreasing total debt. A component unit of the county (Municipal Building Authority) increased its total debt by \$5,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Uintah County's basic financial statements. Uintah County's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Uintah County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Uintah County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Uintah County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Uintah County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Uintah County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Uintah County are Uintah Care Center, Western Park, Tele-Communication, Landfill and Uintah County Municipal Building Authority.

The government-wide financial statements include not only Uintah County itself (known as the primary government), but also seven legally separate special service district; for highways and bridges, Recreation, Mental Health, Health Care, Animal Control and Shelter, Economic Development, and Fire Suppression for which Uintah County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The business type activities for all practical purposes function as departments of Uintah County, and therefore have been included as an integral part of the primary government.

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Uintah County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Uintah County can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Uintah County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, B-Road fund, municipal services fund, debt service and capital projects fund all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Uintah County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Uintah County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Uintah County uses an enterprise fund to account for its Care Center, Western Park, Tele-Communications, Landfill and Municipal Building Authority operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Care Center, Western Park, Tele-Communication, Landfill and Municipal Building Authority.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Uintah County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Uintah County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Uintah County, assets exceeded liabilities by \$308,232 at the close of the most recent fiscal year.

By far the largest portion of Uintah County's net assets (89.52 percent) reflects its investment in capital assets (e.g. land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Uintah County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Uintah County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of Uintah County's net assets (2.75 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$21,820) may be used to meet the government's on going obligations to citizens and creditors.

At the end of the year, Uintah County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 32,034	\$ 28,764	\$ 22,649	\$ 8,852	\$ 54,683	\$ 37,616
Capital assets	252,737	249,829	16,674	14,669	269,411	264,498
Total assets	\$ 284,771	\$ 278,593	\$ 39,323	\$ 23,521	\$ 324,094	\$ 302,114
Long-term debt outstanding		\$ 8,595	\$ 1,712	\$ 9,540	\$ 1,712	\$ 18,135
Other liabilities	\$ 2,440	1,207	11,710	1,605	14,150	2,812
Total liabilities	\$ 2,440	\$ 9,802	\$ 13,422	\$ 11,145	\$ 15,862	\$ 20,947
Net assets:						
Investment in capital assets, net of debt	\$ 252,737	\$ 241,464	\$ 3,773	\$ 4,225	\$ 256,510	\$ 245,689
Restricted	7,774	17,757	2,418	1,768	10,192	19,525
Unrestricted (deficit)	21,820	9,570	19,710	6,383	41,530	15,953
Total net assets	\$ 282,331	\$ 268,791	\$ 25,901	\$ 12,376	\$ 308,232	\$ 281,167

Governmental activities

Governmental activities increased Uintah County's net assets by \$5,248. Key elements of this increase are as follows:

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Revenues						
Program Revenues:						
Charges for services	\$ 3,507	\$ 4,570	\$ 2,443	\$ 2,597	\$ 5,950	\$ 7,167
Operating grants and contrib	5,231	3,221			5,231	3,221
Capital grants and contrib.	1,002	4,138	250	385	1,252	4,523
General Revenues:						
Property taxes	8,347	10,882	2		8,349	10,882
Sales taxes	2,529	1,477	4,084	5,585	6,613	7,062
Grants & contrib.-not restric	3,559	1,325		14	3,559	1,339
Other general revenues	1,211	1,843	423	739	1,634	2,582
Total revenues	<u>\$ 25,386</u>	<u>\$ 27,456</u>	<u>\$ 7,202</u>	<u>\$ 9,320</u>	<u>\$ 32,588</u>	<u>\$ 36,776</u>
Program expenses						
General government	\$ 5,803	\$ 6,447			\$ 5,803	\$ 6,447
Public safety	4,775	5,588			4,775	5,588
Public health	3,748	3,187			3,748	3,187
Highways and public improve.	3,396	4,206			3,396	4,206
Parks and recreation	1,864	1,807			1,864	1,807
Conservation & econ. dev.	866	745			866	745
Interest on long-term debt	65	21			65	21
Capital outlay		77				77
MBA			\$ 697	\$ 617	697	617
Western Park			939	1,165	939	1,165
Care Center			1,450	1,427	1,450	1,427
Landfill			446	503	446	503
Tele-communications			130	165	130	165
Total expenses	<u>\$ 20,517</u>	<u>\$ 22,078</u>	<u>\$ 3,662</u>	<u>\$ 3,877</u>	<u>\$ 24,179</u>	<u>\$ 25,955</u>
Excess (deficiency) before transfers	\$ 4,869	\$ 5,378	\$ 3,540	\$ 5,443	\$ 8,409	\$ 10,821
Transfers	(126)	(130)	126	130		
Change in net assets	<u>\$ 4,743</u>	<u>\$ 5,248</u>	<u>\$ 3,666</u>	<u>\$ 5,573</u>	<u>\$ 8,409</u>	<u>\$ 10,821</u>
Net assets - beginning	\$ 272,340	\$ 277,083	\$ 16,663	\$ 20,328	\$ 289,003	\$ 297,411
Net assets - ending	277,083	282,331	20,329	25,901	297,412	308,232
Change in net assets	<u>\$ 4,743</u>	<u>\$ 5,248</u>	<u>\$ 3,666</u>	<u>\$ 5,573</u>	<u>\$ 8,409</u>	<u>\$ 10,821</u>

- Charges for services increased by \$1,063.
- Grants and contributions decreased by \$2,010.
- Capital grants and contributions increased by \$3,136.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities

Business-type activities increased Uintah County's net assets by \$5,573. Key elements of this increase are shown in Table 2 Change in Net Assets.

Financial Analysis of the Government's Funds

As noted earlier, Uintah County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Uintah County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Uintah County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Uintah County's governmental funds reported combined ending fund balances of \$29,633, a decrease of \$3,019 in comparison with the prior year. Approximately 50.97 percent of this amount (\$15,104) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: The general fund is the chief operating fund of Uintah County. At the end of the current year, unreserved fund balance of the general fund was \$7,163. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 88.49 percent of total general fund expenditures.

Proprietary funds

Uintah County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets of the proprietary funds at the end of the year amounted to \$14,725.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$1,671 can be briefly summarized as follows:

- \$336 increase in general government
- \$269 increase in public safety
- \$209 increase in highways and public improvements
- \$116 increase in community and economic development
- \$731 increase in transfers
- \$10 increase in public health

The increase of \$1,671 was funded by new growth of general property taxes, sales tax, grants and use of unrestricted fund balance. During the year, however, actual revenues were greater than budgeted revenues by \$1,244 and actual expenditures were less than budgeted expenditures by \$2,693 resulting in a net increase in fund balance of \$1,477.

Capital Asset and Debt Administration

Capital Assets

Uintah County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$1,659 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, bridges and construction in progress. The total increase in Uintah County's investment in capital assets for the current year was \$3,728.

Major capital asset events during the current year included the following:

- Equipment purchases of \$977. and dispositions of \$709.
- Land purchase of \$534

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads. That information can be found in the required supplemental information following the notes to the financial statements.

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Right of ways	\$ 3,050	\$ 3,050			\$ 3,050	\$ 3,050
Land	1,563	2,084	\$ 1,790	\$ 1,854	3,353	3,938
Buildings	3,249	3,075	12,589	13,509	15,838	16,584
Improvements other than buildings	1,337	1,313	456	941	1,793	2,254
Equipment	2,265	2,296	430	360	2,695	2,656
Infrastructure	241,006	240,849			241,006	240,849
Work in progress	75	70	811	10	886	80
	<u>\$ 252,545</u>	<u>\$ 252,737</u>	<u>\$ 16,076</u>	<u>\$ 16,674</u>	<u>\$ 268,621</u>	<u>\$ 269,411</u>

Additional information on Uintah County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Uintah County had total bonded debt outstanding of \$12,842. The debt represents revenue bonds secured solely by specified revenue sources (i.e. revenue bonds).

Table 4
Outstanding Debt at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2005	2006	2005	2006	2005	2006
Bonds payable	\$ 8,000		\$ 8,995	\$ 12,842	\$ 16,995	\$ 12,842
Leases payable	124				124	
Total debt	<u>\$ 8,124</u>	<u>\$...</u>	<u>\$ 8,995</u>	<u>\$ 12,842</u>	<u>\$ 17,119</u>	<u>\$ 12,842</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the county. The current debt limitation for Uintah County is \$56,221. At this time Uintah County has no general obligation debt.

Additional information on Uintah County's long-term debt can be found in the notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Uintah County is 2.2 percent, which is a decrease from a rate of 3.0 percent a year ago. This is lower than the state's average unemployment rate of 2.5 percent and lower than the national average rate of 4.5 percent.
- The residential building permits increased by approximately 80.7 percent. Non-residential construction increased from \$1,100,000 in 2005 to \$15,000,000 in 2006 indicating acceleration in our economic activity.
- There have been approved 38 new major and minor subdivisions with a total of 874 new lots.
- The Assessed value of Uintah County increased by 19.8 percent in 2006, of which 54.5 percent was from new growth. Oil and Gas tax assessment increased 9.3% from 2006 to 2007, indicating that Uintah County Oil & Gas industry has slowed down from the 2005 to 2006 increase of 58%.

All of these factors were considered in preparing Uintah County's budget for the year.

Requests for Information

This financial report is designed to provide a general overview of Uintah County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Uintah County Clerk-Auditor, 147 East Main, Vernal, Utah, 84078.

UINTAH COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,348	\$ 1,093	\$ 7,441	\$ 3,233,954
Investments	30,211,246	14,572,961	44,784,207	35,547,472
Taxes receivable	274,011		274,011	
Accounts receivable - net	6,156	31,340	37,496	640,621
Other receivables	3,332		3,332	989,078
Internal balances	15,467	(15,467)		
Due from other governmental units	1,517,399	385,787	1,903,186	7,034,465
Inventory		3,413	3,413	79,217
Prepaid expenses		5,000,000	5,000,000	60,938
Restricted cash				57,431
Restricted investments		2,248,904	2,248,904	8,071,929
Bond issue costs		169,370	169,370	19,861
Lease purchase contract				226,387
Capital assets (net of accumulated depreciation):				
Land	2,084,003	1,854,067	3,938,070	2,067,884
Rights of Way	3,050,400		3,050,400	26,790
Buildings	3,074,501	13,508,961	16,583,462	2,616,600
Improvements other than buildings	1,313,200	941,278	2,254,478	133,449
Equipment	2,295,542	359,755	2,655,297	1,160,316
Infrastructure	240,848,895		240,848,895	
Work in progress	70,196	9,505	79,701	1,542,121
Total assets	\$ 284,770,696	\$ 39,070,967	\$ 323,841,663	\$ 63,508,513
<u>LIABILITIES</u>				
Accounts payable	\$ 805,179	\$ 115,116	\$ 920,295	\$ 3,907,159
Warrants payable	426,519	41,602	468,121	36,381
Accrued liabilities	669,782	112,572	782,354	428,747
Deferred revenue				5,000,000
Bond interest payable		59,039	59,039	17,813
Revenue bonds payable - Due within one year		1,131,500	1,131,500	416,000
Capital leases payable - Due within one year				77,917
Revenue bonds payable - Due in more than one year		11,710,000	11,710,000	2,373,000
Capital leases payable - Due in more than one year				1,300,415
Compensated absences	538,111		538,111	154,294
Total liabilities	\$ 2,439,591	\$ 13,169,829	\$ 15,609,420	\$ 13,711,726

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>
	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 252,736,737	\$ 3,773,027	\$ 256,509,764	\$ 4,269,828
Restricted for:				
Class "B" roads	3,681,494		3,681,494	
Recreation programs				7,041,161
Client trust				19,412
Construction projects				389,360
Municipal services	3,647,681		3,647,681	
Debt Service	444,775	2,418,275	2,863,050	695,874
Unrestricted	21,820,418	19,709,836	41,530,254	37,381,152
Total net assets	<u>\$ 282,331,105</u>	<u>\$ 25,901,138</u>	<u>\$ 308,232,243</u>	<u>\$ 49,796,787</u>

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Function/Program	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENTS UNITS
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary government:								
Governmental activities:								
General government	\$ 6,446,964	\$ 1,269,991	\$ 3,556	\$ 339,840	\$ (4,833,577)		\$ (4,833,577)	
Public safety	5,587,765	1,970,455	1,042,905		(2,574,405)		(2,574,405)	
Public health	3,186,664	879,216	1,876,792		(430,656)		(430,656)	
Highways and public improvements	4,206,509	62,026	7,500	3,725,065	(411,918)		(411,918)	
Parks and recreation	1,807,398	156,432	240,356		(1,410,610)		(1,410,610)	
Conservation and economic development	744,555	231,907	49,957	72,745	(389,946)		(389,946)	
Capital outlay	76,947				(76,947)		(76,947)	
Interest on long-term debt	21,434				(21,434)		(21,434)	
Total governmental activities	\$ 22,078,236	\$ 4,570,027	\$ 3,221,066	\$ 4,137,650	\$ (10,149,493)		\$ (10,149,493)	
Business-type activities:								
MBA	\$ 616,590	\$ 1,286,611				\$ 1,054,769	\$ 1,054,769	
Western Park	1,165,255	276,541				(888,714)	(888,714)	
Care Center	1,426,791	218,550				(1,208,241)	(1,208,241)	
Landfill	503,258	674,616				171,358	171,358	
Telecommunications	165,090	141,097				(23,993)	(23,993)	
Total business-type activities	\$ 3,876,984	\$ 2,597,415				\$ (894,821)	\$ (894,821)	
Total primary government	\$ 25,955,220	\$ 7,167,442	\$ 3,221,066	\$ 4,522,398	\$ (10,149,493)	\$ (894,821)	\$ (11,044,314)	
Component Units:								
Unihah Special Service District	\$ 14,043,726	\$ 341,641						\$ (13,615,196)
Tri-County Mental Health & Sub. Abuse	3,435,980	2,548,579						502,859
Unihah Recreation District	2,137,483	596,365						(1,541,118)
Unihah Health Care Spec. Serv. Dist.	5,425,763	4,784,531						48,466
Animal Control Special Service District	102,150		658,071					(102,150)
Economic Development Spec. Serv. Dist.	87,276							(87,276)
Fire Suppression Special Service District	149,818							(149,818)
Total component units	\$ 25,382,196	\$ 8,271,116	\$ 2,048,331	\$ 118,516				\$ (14,944,233)
General revenues:								
Property taxes					\$ 10,882,060	\$ 126	\$ 10,882,186	
Sales taxes					1,476,741	5,584,975	7,061,716	
Transient room tax					342,081		342,081	
Aviation fuel tax					15,087		15,087	
Mineral lease revenue								\$ 28,789,621
Grants and contributions not restricted to specific programs					1,324,639	13,550	1,338,189	3,387,184
Unrestricted investment earnings					1,532,120	738,221	2,270,341	1,717,827
Gain/(Loss) on disposal of assets					(129,457)		(129,457)	11,908
Contribution to other governments					84,058	509	84,567	(4,178,326)
Miscellaneous					(130,000)	130,000		37
Transfers								
Total general revenues and transfers					\$ 15,397,329	\$ 6,467,381	\$ 21,864,710	\$ 29,728,251
Change in net assets								
Net assets - beginning					\$ 5,247,836	\$ 5,572,560	\$ 10,820,396	\$ 14,784,018
Net assets - ending					277,083,269	20,228,578	297,411,847	35,012,769
					\$ 282,331,105	\$ 25,901,138	\$ 308,232,243	\$ 49,796,787

The notes to the financial statements are an integral part of this statement.

UTAH COUNTY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND	"B" ROAD	MUNICIPAL SERVICES	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	\$ 5,278		\$ 70			\$ 1,000	\$ 6,348
Investments	7,069,986	\$ 3,681,494	3,722,980	\$ 444,775	\$ 6,336,392	8,320,554	29,576,181
Receivables (net):							
Accounts						6,156	6,156
Taxes	189,558					84,453	274,011
Other						3,332	3,332
Due from other governments	980,090		161,817		60,980	314,512	1,517,399
Total assets	\$ 8,244,912	\$ 3,681,494	\$ 3,884,867	\$ 444,775	\$ 6,397,372	\$ 8,730,007	\$ 31,383,427
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 435,716		\$ 60,093		\$ 48,254	\$ 110,229	\$ 654,292
Warrants payable	240,103		56,755		71,905	57,756	426,519
Accrued liabilities	406,483		120,338			142,961	669,782
Total liabilities	\$ 1,082,302	\$...	\$ 237,186	\$...	\$ 120,159	\$ 310,946	\$ 1,750,593
Fund balances:							
Reserved for:							
Class "B" Road		\$ 3,681,494					\$ 3,681,494
Municipal Services			3,647,681				3,647,681
Capital Projects					6,277,213		6,277,213
Debt service				\$ 444,775			444,775
Cemeteries						478,165	478,165
Unreserved, reported in:							
General fund	\$ 7,162,610					5,931,622	7,162,610
Special revenue funds						2,009,274	5,931,622
Permanent funds							2,009,274
Total fund balances	\$ 7,162,610	\$ 3,681,494	\$ 3,647,681	\$ 444,775	\$ 6,277,213	\$ 8,419,061	\$ 29,632,834
Total liabilities and fund balances	\$ 8,244,912	\$ 3,681,494	\$ 3,884,867	\$ 444,775	\$ 6,397,372	\$ 8,730,007	\$ 31,383,427

"The notes to the financial statements are an integral part of this statement."

**UINTAH COUNTY
BALANCE SHEET RECONCILIATION TO
STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

Total fund balances - governmental fund types: \$ 29,632,834

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of: 252,736,737

Land	\$	2,084,003
Rights of Way		3,050,400
Buildings		3,074,501
Improvements other than buildings		1,313,200
Equipment		2,295,542
Infrastructure		240,848,895
Work in progress		<u>70,196</u>
 Total		 <u>\$ 252,736,737</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (538,111)

Compensated absences	\$	<u>(538,111)</u>
 Total		 <u>\$ (538,111)</u>

Internal service funds are used by management to charge the costs of various insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. 463,460

Accumulated effect of crossover amounts charged in prior years to business type activities from Internal Service Fund activity. 36,185

Net assets of government activities \$ 282,331,105

"The notes to the financial statements are an integral part of this statement."

UTAH COUNTY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND	"B" ROAD	MUNICIPAL SERVICES	DEBT SERVICE	CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes	\$ 8,220,255		\$ 1,205,336			\$ 3,514,265	\$ 12,939,856
Licenses and permits	14,840		740,886				755,726
Intergovernmental revenues	1,670,399	\$ 2,703,894	1,523,729		\$ 700,036	2,232,488	8,830,546
Charges for services	1,366,772		186,542		34,800	1,569,493	3,157,607
Fines and forfeitures	412,930						412,930
Interest income	194,144	193,389	146,119	\$ 363,338	250,663	365,324	1,512,977
Miscellaneous	192,167		31,549			10,002	233,718
Total revenues	\$ 12,071,507	\$ 2,897,283	\$ 3,834,161	\$ 363,338	\$ 985,499	\$ 7,691,572	\$ 27,843,360
EXPENDITURES:							
Current:							
General government	\$ 3,567,941		\$ 614,244			\$ 2,287,549	\$ 6,469,734
Public safety	2,540,850		2,349,472			765,567	5,655,889
Highways and public improvements	1,095,711	\$ 2,853,184	17,497				3,966,392
Public health	193,854					3,001,168	3,195,022
Parks, recreation, and public property			64,148			1,755,932	1,820,080
Conservation and economic development	623,600					120,000	743,600
Capital outlay					\$ 758,531		758,531
Debt service:							
Principal retirement	72,400			\$ 8,000,000		51,104	8,123,504
Total expenditures	\$ 8,094,356	\$ 2,853,184	\$ 3,045,361	\$ 8,000,000	\$ 758,531	\$ 7,981,320	\$ 30,732,752
Excess revenues over (under) expenditures	\$ 3,977,151	\$ 44,099	\$ 788,800	\$ (7,636,662)	\$ 226,968	\$ (285,748)	\$ (2,889,392)
OTHER FINANCING SOURCES (USES):							
Transfers in	\$ 100,158				\$ 1,100,000	\$ 1,500,142	\$ 2,700,300
Transfers out	(2,600,142)					(230,158)	(2,830,300)
Total other financing sources (uses)	\$ (2,499,984)	\$...	\$...	\$...	\$ 1,100,000	\$ 1,269,984	\$ (130,000)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 1,477,167	\$ 44,099	\$ 788,800	\$ (7,636,662)	\$ 1,326,968	\$ 980,236	\$ (3,019,392)
FUND BALANCES - beginning of year	\$ 5,685,443	\$ 3,637,395	\$ 2,858,881	\$ 8,081,437	\$ 4,950,245	\$ 7,438,825	\$ 32,652,226
FUND BALANCES - end of year	\$ 7,162,610	\$ 3,681,494	\$ 3,647,681	\$ 444,775	\$ 6,277,213	\$ 8,419,061	\$ 29,632,834

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ (3,019,392)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

General government	\$ 118,768
Public safety	343,563
Highways	482,221
Parks and recreation	32,676
Conservation and economic development	<u>681,584</u>
 Total assets shown as expenditures	 \$ 1,658,812
Less: depreciation	<u>(1,278,534)</u>

Difference between expenditure and depreciation 380,278

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.

Contribution of capital assets	\$ (21,434)
Sales and trade-in of capital assets	<u>(167,457)</u>

Net change in contributions and trade-ins (188,891)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Deferred taxes) (219,831)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount is the effect of the repayment of capital leases, notes and bonds payable, which were expenditures in governmental funds. 8,123,504

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Compensated absences) (137,439)

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities. 309,607

Change in net assets of governmental activities \$ 5,247,836

"The notes to the financial statements are an integral part of this statement."

**UINTAH COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Taxes				
General property taxes - current year	\$ 4,344,000	\$ 5,003,000	\$ 5,180,265	\$ 177,265
General property taxes - prior years	90,000	140,000	152,800	12,800
Penalties and interest on delinquent taxes	60,000	60,000	53,397	(6,603)
General sales and use tax	2,150,000	2,500,000	2,833,793	333,793
Total taxes	\$ 6,644,000	\$ 7,703,000	\$ 8,220,255	\$ 517,255
Licenses and permits:				
Non-business licenses and permits	\$ 6,000	\$ 6,000	\$ 14,840	\$ 8,840
Total licenses and permits	\$ 6,000	\$ 6,000	\$ 14,840	\$ 8,840
Intergovernmental:				
Federal	\$ 593,900	\$ 775,000	\$ 1,114,897	\$ 339,897
State	269,166	321,866	396,966	75,100
Other	90,275	115,275	158,536	43,261
Total intergovernmental	\$ 953,341	\$ 1,212,141	\$ 1,670,399	\$ 458,258
Charges for services:				
Departmental fees	\$ 339,100	\$ 412,900	\$ 452,997	\$ 40,097
Inmate fees	851,500	907,500	913,775	6,275
Total charges for services	\$ 1,190,600	\$ 1,320,400	\$ 1,366,772	\$ 46,372
Fines and forfeitures	\$ 364,900	\$ 330,400	\$ 412,930	\$ 82,530
Miscellaneous:				
Investment earnings	\$ 50,000	\$ 50,000	\$ 194,144	\$ 144,144
Rents and concessions	61,500	61,500	37,323	(24,177)
Sale of material, supplies and equipment			40,264	40,264
Oil lease	12,000	12,000	13,938	1,938
O & M reimbursement	45,300	45,300	45,312	12
Fuel tax refund/aviation fuel tax	24,500	27,500	15,087	(12,413)
Other	59,000	59,000	40,243	(18,757)
Total miscellaneous	\$ 252,300	\$ 255,300	\$ 386,311	\$ 131,011
Total Revenues	\$ 9,411,141	\$ 10,827,241	\$ 12,071,507	\$ 1,244,266

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
EXPENDITURES				
Current:				
General government:				
Commission	\$ 336,350	\$ 348,350	\$ 322,788	\$ 25,562
Justice court	305,800	319,600	313,043	6,557
Public defender	210,000	220,000	209,736	10,264
Personel/Administrator	165,550	169,150	140,335	28,815
Clerk/Auditor	437,700	453,700	621,043	(167,343)
Treasurer	298,700	312,000	70,698	241,302
Recorder	438,100	455,600	22,117	433,483
Attorney	851,800	893,300	835,796	57,504
Assessor	626,350	711,950		711,950
Surveyor	50,000	50,000	46,395	3,605
Non-Departmental	297,700	355,200	236,298	118,902
Data processing	528,000	531,500	207,377	324,123
Purchase agent	5,000	16,000	13,105	2,895
Geographical info system/surveyor	148,600	152,600	22,322	130,278
Property maintenance and surplus	107,300	119,800	116,569	3,231
Building and grounds	453,900	488,400	390,319	98,081
Total general government	\$ 5,260,850	\$ 5,597,150	\$ 3,567,941	\$ 2,029,209
Public safety:				
Fire Control	\$ 175,000	\$ 175,000	\$ 93,739	\$ 81,261
Emergency services	200,000	400,000	336,922	63,078
Weed control	255,500	258,700	229,678	29,022
Jail complex	1,811,500	1,874,700	1,818,541	56,159
Childrens justice center	63,700	65,900	61,970	3,930
Total public safety	\$ 2,505,700	\$ 2,774,300	\$ 2,540,850	\$ 233,450
Public health:				
Indigent	\$ 10,000	\$ 20,000	\$ 19,414	\$ 586
Public health	71,600	71,600	65,633	5,967
Mental health	109,000	109,000	108,807	193
Total public health	\$ 190,600	\$ 200,600	\$ 193,854	\$ 6,746
Highways and public improvements:				
County roads	\$ 832,566	\$ 1,021,566	\$ 955,765	\$ 65,801
Airport maintenance and operation	122,500	142,700	139,946	2,754
Total highways and public improvements	\$ 955,066	\$ 1,164,266	\$ 1,095,711	\$ 68,555

"The notes to the financial statements are an integral part of this statement."

**UINTAH COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
Conservation and Economic Development:				
Agriculture and extension services	\$ 95,700	\$ 111,400	\$ 103,244	\$ 8,156
RHC/WHM consultant	82,600	85,200	85,088	112
Convention bureau	70,350	70,350	54,480	15,870
Pass thru grants	457,000	489,500	168,870	320,630
Associations	61,500	71,500	66,130	5,370
Economic development	102,300	157,300	145,788	11,512
Total conservation and economic development	\$ 869,450	\$ 985,250	\$ 623,600	\$ 361,650
Debt service:				
Principal retirement	\$ 72,400	\$ 72,400	\$ 72,400	
Total debt service	\$ 72,400	\$ 72,400	\$ 72,400	\$...
Total expenditures	\$ 9,854,066	\$ 10,793,966	\$ 8,094,356	\$ 2,699,610
Excess of revenue over (under) expenditures	\$ (442,925)	\$ 33,275	\$ 3,977,151	\$ 3,943,876
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 40,000	\$ 40,000	\$ 100,158	\$ 60,158
Transfers out	(1,987,750)	(2,718,950)	(2,600,142)	118,808
Total other financing sources (uses)	\$ (1,947,750)	\$ (2,678,950)	\$ (2,499,984)	\$ 178,966
Excess of revenues and other sources over (under) expenditures and other uses	\$ (2,390,675)	\$ (2,645,675)	\$ 1,477,167	\$ 4,122,842
Fund balances - beginning of year	5,685,443	5,685,443	5,685,443	
Fund balances - end of year	\$ 3,294,768	\$ 3,039,768	\$ 7,162,610	\$ 4,122,842

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
"B" ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Intergovernmental				
State	\$ 2,900,000	\$ 2,900,000	\$ 2,703,894	\$ (196,106)
Total Intergovernmental	\$ 2,900,000	\$ 2,900,000	\$ 2,703,894	\$ (196,106)
Miscellaneous				
Investment earnings		\$ 50,000	\$ 193,389	\$ 143,389
Total miscellaneous	\$...	\$ 50,000	\$ 193,389	\$ 143,389
Total Revenues	\$ 2,900,000	\$ 2,950,000	\$ 2,897,283	\$ (52,717)
EXPENDITURES				
Current:				
Highways and public improvements				
County roads and improvements	\$ 2,900,000	\$ 2,950,000	\$ 2,853,184	\$ 96,816
Total highways and public improvements	\$ 2,900,000	\$ 2,950,000	\$ 2,853,184	\$ 96,816
Total expenditures	\$ 2,900,000	\$ 2,950,000	\$ 2,853,184	\$ 96,816
Excess of revenue over (under) expenditures			\$ 44,099	\$ 44,099
Fund balances - beginning of year	\$ 3,637,395	\$ 3,637,395	3,637,395	
Fund balances - end of year	\$ 3,637,395	\$ 3,637,395	\$ 3,681,494	\$ 44,099

"The notes to the financial statements are an integral part of this statement."

**UINTAH COUNTY
MUNICIPAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	AMOUNTS	
REVENUES				
Taxes				
General sales and use tax	\$ 650,000	\$ 905,200	\$ 1,205,336	\$ 300,136
Total Taxes	\$ 650,000	\$ 905,200	\$ 1,205,336	\$ 300,136
Licenses and permits				
Business licenses and permits	\$ 38,500	\$ 37,000	\$ 38,546	\$ 1,546
Non-business licenses and permits	375,000	502,800	702,340	199,540
Total Licenses and Permits	\$ 413,500	\$ 539,800	\$ 740,886	\$ 201,086
Intergovernmental				
Federal	\$ 1,270,000	\$ 1,335,700	\$ 1,457,439	\$ 121,739
State	34,500	51,500	66,290	14,790
Total Intergovernmental	\$ 1,304,500	\$ 1,387,200	\$ 1,523,729	\$ 136,529
Charges for services	\$ 107,000	\$ 139,000	\$ 186,542	\$ 47,542
Miscellaneous				
Investment earnings	\$ 40,000	\$ 40,000	\$ 146,119	\$ 106,119
Other			31,549	31,549
Total miscellaneous	\$ 40,000	\$ 40,000	\$ 177,668	\$ 137,668
Total revenues	\$ 2,515,000	\$ 3,011,200	\$ 3,834,161	\$ 822,961
EXPENDITURES				
Current:				
General government:				
Public lands	\$ 136,500	\$ 174,700	\$ 158,344	\$ 16,356
Zoning & building inspection	392,600	468,600	455,900	12,700
Total general government	\$ 529,100	\$ 643,300	\$ 614,244	\$ 29,056
Public safety				
Sheriff department	\$ 1,800,700	\$ 2,003,300	\$ 1,950,793	\$ 52,507
Sheriff support services	20,000	20,000	11,083	8,917
Animal control	142,200	222,700	148,266	74,434
County fire marshall	134,700	194,700	146,500	48,200
Lapoint-Tridell fire department	13,000	18,000	8,360	9,640
Jensen fire department	16,200	20,500	11,619	8,881
Avalon fire department	13,000	35,800	30,182	5,618
Wildland fire	58,000	58,000	42,669	15,331
Total public safety	\$ 2,197,800	\$ 2,573,000	\$ 2,349,472	\$ 223,528

"The notes to the financial statements are an integral part of this statement."

**UINTAH COUNTY
MUNICIPAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Highways and public improvements				
Streets, lighting and signs	\$ 17,000	\$ 22,000	\$ 17,497	\$ 4,503
Total highways and public improvements	\$ 17,000	\$ 22,000	\$ 17,497	\$ 4,503
Parks, recreation and public property				
Grants	\$ 64,600	\$ 66,400	\$ 64,148	\$ 2,252
Total parks recreation and public property	\$ 64,600	\$ 66,400	\$ 64,148	\$ 2,252
Total expenditures	\$ 2,808,500	\$ 3,304,700	\$ 3,045,361	\$ 259,339
Excess of revenue over (under) expenditures	\$ (293,500)	\$ (293,500)	\$ 788,800	\$ 1,082,300
Fund balances - beginning of year	2,655,336	\$ 2,625,336	2,858,881	233,545
Fund balances - end of year	\$ 2,361,836	\$ 2,331,836	\$ 3,647,681	\$ 1,315,845

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
ASSETS						
Current assets:						
Cash		\$ 500	\$ 318	\$ 275	\$ 1,093	
Investments		905,867	12,404,844	1,514,514	14,825,225	\$ 635,065
Receivables - net						
Accounts		6,480		24,860	31,340	
Due from other governments	\$ 385,787				385,787	
Inventory		3,413			3,413	
Restricted investments	1,883,228	93,269	194,460	77,947	2,248,904	
Prepaid expenses	5,000,000				5,000,000	
Bond issue costs	169,370				169,370	
Total current assets	\$ 7,438,385	\$ 1,009,529	\$ 12,599,622	\$ 1,617,596	\$ 22,665,132	\$ 635,065
Noncurrent assets:						
Land	\$ 1,103,379	\$ 574,388	\$ 125,000	\$ 51,300	\$ 1,854,067	
Buildings	10,169,142	5,040,203	1,514,921	9,713	16,733,979	
Improvements other than buildings	757,667	309,199	195,168	54,136	1,316,170	
Furniture, fixtures and equipment	331,675	468,209		1,230,616	2,030,500	
Accumulated depreciation	(1,340,351)	(1,852,997)	(966,643)	(1,110,665)	(5,270,656)	
Work in process	9,505				9,505	
Total noncurrent assets	\$ 11,031,017	\$ 4,539,002	\$ 868,446	\$ 235,100	\$ 16,673,565	\$...
Total assets	\$ 18,469,402	\$ 5,548,531	\$ 13,468,068	\$ 1,852,696	\$ 39,338,697	\$ 635,065
LIABILITIES						
Current liabilities:						
Cash deficit	\$ 252,264				\$ 252,264	
Accounts payable	56,591	\$ 34,425		\$ 24,099	115,115	\$ 149,904
Warrants payable	17,499	18,540		5,563	41,602	983
Accrued interest payable	58,434	605			59,039	
Accrued wages and benefits		64,043		48,529	112,572	
Current portion of long term debt	1,107,500	24,000			1,131,500	
Total current liabilities	\$ 1,492,288	\$ 141,613	\$...	\$ 78,191	\$ 1,712,092	\$ 150,887

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
Noncurrent liabilities:						
Revenue bonds payable	\$ 11,134,000	\$ 296,000	\$ 280,000		\$ 11,710,000	
Total noncurrent liabilities	\$ 11,134,000	\$ 296,000	\$ 280,000	\$...	\$ 11,710,000	\$...
Total liabilities	\$ 12,626,288	\$ 437,613	\$ 280,000	\$ 78,191	\$ 13,422,092	\$ 150,887
Net Assets:						
Invested in capital assets, net of related debt	\$ 3,731,084	\$ 4,218,397	\$ 588,446	\$ 235,100	\$ 8,773,027	
Restricted	2,052,599	93,269	194,460	77,947	2,418,275	\$ 484,178
Unrestricted	59,431	799,252	12,405,162	1,461,458	14,725,303	
Total net assets	\$ 5,843,114	\$ 5,110,918	\$ 13,188,068	\$ 1,774,505	\$ 25,916,605	\$ 484,178
Adjustment to reflect the consolidation of ISF activities related to enterprise funds					(15,467)	
Net assets of business-type activities					\$ 25,901,138	

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET-ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS					
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
Operating revenues:						
Charges for sales and services	\$ 1,286,611	\$ 276,541	\$ 218,550	\$ 815,713	\$ 2,597,415	\$ 3,025,500
Total operating revenues	\$ 1,286,611	\$ 276,541	\$ 218,550	\$ 815,713	\$ 2,597,415	\$ 3,025,500
Operating expenses:						
Employee salaries and benefits		\$ 549,453		\$ 395,154	\$ 944,607	
Office supplies		5,280		14,739	20,019	
Other supplies and services		4,245		16,401	20,646	
Contractual services	\$ 13,577	40,000		19,225	72,802	\$ 2,714,318
Utilities		105,568		3,112	108,680	
Fuel and oil		9,976		38,766	48,742	
Repairs and maintenance	21,651	134,201		90,331	246,183	
Depreciation	310,997	148,244	\$ 46,522	33,898	539,661	
Rental		52,942	1,163,744		1,216,686	
Advertising		12,190			12,190	
Event costs		96,709			96,709	
Travel		4,295		2,084	6,379	
Telephone		12,283		63,550	75,833	
Bond issue costs	31,163				31,163	
Total operating expenses	\$ 377,388	\$ 1,175,386	\$ 1,210,266	\$ 677,260	\$ 3,440,300	\$ 2,714,318
Operating income (loss)	\$ 909,223	\$ (898,845)	\$ (991,716)	\$ 138,453	\$ (842,885)	\$ 311,182
Nonoperating revenues (expenses):						
Taxes		\$ 1,116,193	\$ 4,468,908		\$ 5,585,101	
Interest revenue	\$ 78,320	66,474	521,333	\$ 72,094	738,221	\$ 19,143
Miscellaneous expense				509	509	
Interest expense	(224,814)	(1,675)	(525)		(227,014)	
Grant revenue	384,748				384,748	
Contribution to other governments	(14,388)	13,550	(216,000)		(216,838)	
Total nonoperating revenues (expenses)	\$ 223,866	\$ 1,194,542	\$ 4,773,716	\$ 72,603	\$ 6,264,727	\$ 19,143
Income (loss) before contributions and transfers	\$ 1,133,089	\$ 295,697	\$ 3,782,000	\$ 211,056	\$ 5,421,842	\$ 330,325

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS					
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
Transfers In (Out):						
Transfers in (out)		\$ 130,000			\$ 130,000	
Total contributions and transfers	\$...	\$ 130,000	\$...	\$...	\$ 130,000	\$...
Change in net assets	\$ 1,133,089	\$ 425,697	\$ 3,782,000	\$ 211,056	\$ 5,551,842	\$ 330,325
Total net assets - beginning	4,710,025	4,685,221	9,406,068	1,563,449		153,853
Total net assets - ending	<u>\$ 5,843,114</u>	<u>\$ 5,110,918</u>	<u>\$ 13,188,068</u>	<u>\$ 1,774,505</u>		<u>\$ 484,178</u>
Adjustment to reflect the consolidation of ISF activities related to enterprise funds					20,718	
Changes in net assets of business-type activities					<u>\$ 5,572,560</u>	

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF CASH FLOWS
PROPERETARY FUNDS AND INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NON- MAJOR	TOTAL BTA's	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,286,611	\$ 271,820	\$ 218,550	\$ 804,028	\$ 2,581,009	\$ 3,031,312
Payments to suppliers	(5,112,826)	(459,941)	(1,163,744)	(253,858)	(6,990,369)	(2,563,431)
Payments to employees		(534,501)		(387,092)	(921,593)	
Net cash provided (used) by operating activities	\$ (3,826,215)	\$ (722,622)	\$ (945,194)	\$ 163,078	\$ (5,330,953)	\$ 467,881
Cash Flows From Noncapital Financing Activities:						
Tax revenue		\$ 1,116,193	\$ 4,469,584	\$ 18	\$ 5,585,795	
Miscellaneous revenue				509	509	
Contribution to other governments	\$ (14,388)	13,550	(216,000)		(216,838)	
Transfers from other funds		130,000			130,000	
Net cash provided (used) by noncapital financing activities	\$ (14,388)	\$ 1,259,743	\$ 4,253,584	\$ 527	\$ 5,499,466	\$...
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	\$ (647,975)	\$ (488,709)			\$ (1,136,684)	
Principal paid on capital debt	(1,129,500)	(24,000)			(1,153,500)	
Bond issuance costs	5,000,000				5,000,000	
Interest paid on capital debt	(232,750)	(1,720)	\$ (525)		(234,995)	
Net cash provided (used) by capital and related financing activities	\$ 2,989,775	\$ (514,429)	\$ (525)	\$...	\$ 2,474,821	\$...
Cash Flows From Investing Activities:						
Interest and dividends received	\$ 78,320	\$ 66,474	\$ 521,333	\$ 72,094	\$ 738,221	\$ 19,143
Net cash provided (used) by investing activities	\$ 78,320	\$ 66,474	\$ 521,333	\$ 72,094	\$ 738,221	\$ 19,143
Net increase (decrease) in cash and cash equivalents	\$ (772,508)	\$ 89,166	\$ 3,829,198	\$ 235,699	\$ 3,381,555	\$ 487,024
Cash and cash equivalents, January 1	2,403,472	910,470	8,770,424	1,357,037	13,441,403	148,041
Cash and cash equivalents, December 31	\$ 1,630,964	\$ 999,636	\$ 12,599,622	\$ 1,592,736	\$ 16,822,958	\$ 635,065

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF CASH FLOWS
PROPERETARY FUNDS AND INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	WESTERN PARK	CARE CENTER	NON- MAJOR	TOTAL BTA's	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 909,223	\$ (898,845)	\$ (991,716)	\$ 138,453	\$ (842,885)	\$ 311,182
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	\$ 310,997	\$ 147,980	\$ 46,522	\$ 33,898	\$ 539,397	
Bond amortization costs	31,163				31,163	
(Increase) Decrease in accounts receivable		(4,721)		(11,685)	(16,406)	\$ 5,812
(Increase) Decrease in prepaid expenses	(5,000,000)				(5,000,000)	
Increase (Decrease) in accounts payable	(5,158)	7,998		(9,576)	(6,736)	149,904
Increase (Decrease) in warrants payable	(72,440)	10,014		3,926	(58,500)	983
Increase (Decrease) in accrued liabilities		14,952		8,062	23,014	
Total adjustments	\$ (4,735,438)	\$ 176,223	\$ 46,522	\$ 24,625	\$ (4,488,068)	\$ 156,699
Net cash provided (used) by operating activities	\$ (3,826,215)	\$ (722,622)	\$ (945,194)	\$ 163,078	\$ (5,330,953)	\$ 467,881

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>AGENCY FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 461,619
Receivables (net):	
Taxes	490,256
Investments	876,943
Restricted - cash	<u>53,224</u>
Total assets	<u><u>\$ 1,882,042</u></u>
 <u>LIABILITIES</u>	
Warrants outstanding	\$ 101,271
Due governments and organizations	217,285
Due taxing units	<u>1,563,486</u>
Total liabilities	<u><u>\$ 1,882,042</u></u>

"The notes to the financial statements are an integral part of this statement."

UTAH COUNTY
 STATEMENT OF NET ASSETS
 COMPONENT UNITS
 DECEMBER 31, 2006

	UNTAM BASIN TRICOUNTY MENTAL HEALTH & SUBSTANCE ABUSE AUTHORITY	UNTAM RECREATION DISTRICT	UNTAM SPECIAL SERVICE DISTRICT	UNTAM HEALTH CARE SPECIAL SERVICE DISTRICT	ANIMAL CONTROL SPECIAL SERVICE DISTRICT	ECONOMIC DEVELOPMENT SPECIAL SERVICE DISTRICT	FIRE SUPPRESSION SPECIAL SERVICE DISTRICT	TOTAL
ASSETS								
Cash and cash equivalents	\$ 1,605,549	\$ 497,330	\$ 28,201	\$ 228,006	\$ 46,256	\$ 782,357	\$ 46,255	\$ 3,233,954
Investments	1,575,106	9,996,655	20,346,948			3,179,815	448,948	35,547,472
Accounts receivable - net	13,515	1,427		465,642	160,037			640,621
Other receivables	989,078							989,078
Inventory				79,217				79,217
Prepaid expenses	37,286			23,652				60,938
Due from other governmental units	124,790	1,331,596	3,868,531	311,371	166,450	765,668	466,059	7,034,465
Restricted cash	22,826	34,605						57,431
Restricted investments		7,021,300	1,050,629					8,071,929
Bond issue costs		19,861						19,861
Other investments	226,387							226,387
Capital assets (net of accumulated depreciation):								
Land	353,301	1,714,583						2,067,884
Rights of way		26,790						26,790
Buildings	2,399,067	206,079		11,454				2,616,600
Improvements other than buildings		133,449						133,449
Equipment	129,642	867,737	22,063	140,874				1,160,316
Work in progress		1,542,121						1,542,121
Total assets	\$ 7,476,547	\$ 23,393,533	\$ 25,316,372	\$ 1,260,216	\$ 372,743	\$ 4,727,840	\$ 961,262	\$ 63,508,313
LIABILITIES								
Accounts payable	\$ 1,331,983	\$ 763,066	\$ 1,252,587	\$ 220,279	\$ 102,150	\$ 87,276	\$ 149,818	\$ 3,907,159
Warrants payable		36,381						36,381
Accrued wages and liabilities	237,765	53,289		137,693				428,747
Deferred revenue		5,000,000						5,000,000
Bond interest payable			17,813					17,813
Revenue bonds payable - Due within one year		133,000	283,000					416,000
Capital leases payable - Due within one year	77,917							77,917
Revenue bonds payable - Due in more than one year		1,867,000	506,000					2,373,000
Capital leases payable - Due in more than one year	1,300,415							1,300,415
Compensated absences		36,158	1,762	116,374				154,294
Total liabilities	\$ 2,948,080	\$ 7,888,894	\$ 2,061,162	\$ 474,346	\$ 102,150	\$ 87,276	\$ 149,818	\$ 13,711,726
NET ASSETS								
Invested in capital assets, net of related debt	\$ 1,503,678	\$ 2,491,759	\$ 22,063	\$ 152,328				\$ 4,269,828
Restricted for:								
Recreation Programs		7,041,161						7,041,161
Client trusts and Club House funds	19,412							19,412
Construction projects		389,360						389,360
Debt Service:		34,605	661,269					695,874
Unrestricted	3,005,377	5,837,114	22,182,518	633,542	270,593	4,640,564	811,444	37,381,152
Total net assets	\$ 4,528,467	\$ 15,504,639	\$ 23,255,210	\$ 785,870	\$ 270,593	\$ 4,640,564	\$ 811,444	\$ 49,796,787

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2006

Function/Program	NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS									
	PROGRAM REVENUES			UINTAH BASIN			UINTAH			TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	UINTAH SPECIAL SERVICE DISTRICT	TRI-COUNTY MENTAL HEALTH & SUBSTANCE ABUSE AUTHORITY	UINTAH RECREATION DISTRICT	HEALTH CARE SPECIAL SERVICE DISTRICT	NON-MAJOR COMPONENT UNITS		
Governmental activities:										
Utah Special Service District										
Highways and public improvements										
Compensation and benefits	\$ 90,560			\$ (90,560)					\$ (90,560)	
Insurance	13,709			(13,709)					(13,709)	
Membership dues	8,720			(8,720)					(8,720)	
Miscellaneous	4,750			(4,750)					(4,750)	
Occupancy	11,552			(11,552)					(11,552)	
Office expenses	14,705			(14,705)					(14,705)	
Professional fees	20,921			(20,921)					(20,921)	
Depreciation	6,959			(6,959)					(6,959)	
Transportation systems	13,851,200	\$ 341,641	\$ 86,889	(13,422,670)					(13,422,670)	
Interest on long term liabilities	20,650			(20,650)					(20,650)	
Total governmental activities	\$ 14,043,726	\$ 341,641	\$ 86,889	\$ (13,615,196)	\$	\$	\$	\$	\$ (13,615,196)	
Business-type activities:										
Utah Basin Tri-County Mental Health & Substance Abuse Auth.										
Utah Recreation District	\$ 3,435,980	\$ 2,548,579	\$ 1,390,260		\$ 502,859	\$ (1,541,118)	\$ 48,466		\$ 502,859	
Utah Health Care Special Service District	2,137,483	596,365							(1,541,118)	
Animal Control Special Service District	5,425,763	4,784,531	\$ 31,627					\$	(102,150)	
Economic Development Special Service District	102,150								(87,276)	
Fire Suppression Special Service District	87,276								(149,818)	
Total business-type activities	\$ 11,338,470	\$ 7,929,475	\$ 2,048,331	\$ 31,627	\$ 502,859	\$ (1,541,118)	\$ 48,466	\$ (339,244)	\$ (1,329,037)	
Total component units	<u>\$ 25,382,196</u>	<u>\$ 8,271,116</u>	<u>\$ 2,048,331</u>	<u>\$ 118,516</u>	<u>\$ (13,615,196)</u>	<u>\$ (1,541,118)</u>	<u>\$ 48,466</u>	<u>\$ (339,244)</u>	<u>\$ (14,944,233)</u>	
General revenues:										
Mineral lease revenue				\$ 17,263,330		\$ 8,645,542		\$	\$ 28,789,621	
Grants and contributions not restricted to specific programs				(30,663)	\$ 42,571		\$ 216,000		3,387,184	
Gain/(Loss) on disposal of assets						(4,156,103)	(22,223)		11,908	
Contribution to other governments				1,052,610	104,662	534,425	16,218	9,912	(4,178,326)	
Investment earnings				37					1,717,827	
Miscellaneous									37	
Total general revenues				\$ 18,285,314	\$ 147,233	\$ 5,023,864	\$ 209,995	\$ 6,061,845	\$ 29,728,251	
Change in net assets				\$ 4,670,118	\$ 650,092	\$ 3,482,746	\$ 258,461	\$ 5,722,601	\$ 14,784,018	
Net assets - beginning				18,385,092	3,878,375	12,021,893	527,409		35,012,769	
Net assets - ending				\$ 23,255,210	\$ 4,528,467	\$ 15,504,639	\$ 785,870	\$ 5,722,601	\$ 49,796,787	

"The notes to the financial statements are an integral part of this statement."

UINTAH COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Uintah County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

Uintah County, Utah (the County) operates under a three-member County Commission form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, street lighting, traffic engineering, highways, planning and zoning, animal services and justice courts.

The accompanying financial statements include the County, which is a political subdivision with corporate powers created under Utah State law, and all of its component units, collectively referred to as the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Blended Component Units – Tri-County Health Department services the citizens who live in the Tri-County area of Daggett, Uintah and Duchesne Counties. Utah State law allows the creation of multi-county health departments. Local health departments are responsible within their boundaries for providing, directly or indirectly, basic public health services. The County Commissioners, within the boundaries of the health district, appoints the health district board of directors.

Municipal Building Authority of Uintah County was created by the County Commission as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Commission and may be removed or replaced at any time by its discretion.

Discrete Component Units. These component units are entities, which are legally separate from the County, but are financially accountable to the County whose relationships with the county are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units, column of the government-wide financial statements include that financial data of these entities.

Uintah Special Service District - The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the board governing the District. The District was created for the purpose of building, maintaining or improving roads within the District's boundaries. The District was audited and their report issued under separate cover. An audit report can be obtained from their administrative office in Vernal, Utah.

Uintah Basin Tri-County Mental Health and Substance Abuse Local Authority (Northeastern Counseling Center) - The local Mental Health Authority has been established by the County Commissioners for the purpose of directing and providing mental health and substance abuse services to persons within the Mental Health District. The County Commissioners within the District appoint members of the board of directors. The District was audited and their report issued under separate cover. An audit report can be obtained from their administrative office in Vernal, Utah.

Uintah Recreation District - The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the board governing the District. The District was created for the purpose of managing and operating parks and recreation facilities and recreation programs in Uintah County. The District was audited and their report issued under separate cover. An audit report can be obtained from their administrative office in Vernal, Utah.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Uintah Health Care Special Service District – The District was created by the adoption of a resolution establishing the service district. The District is to be administered by an Administrative Control Board, which is to be appointed by the Board of County Commissioners of Uintah County. The purpose of the District is to oversee, administer and manage a county owned, long-term, residential health care and day care facility that is responsive to the needs of the residents, their families, and the community at large, through a consistently high standard of customized, clinical care. The boundaries of the District are the same as Uintah County. The District was audited and their report issued under separate cover. An audit report can be obtained from their administrative office in Vernal, Utah.

Animal Control Special Service District – The District was created by the adoption of a resolution establishing the service district. The District is to be administered by an Administrative Control Board, which is to be appointed by the Board of County Commissioners of Uintah County. The purpose of the District is managing the proper treatment of animals and protect citizens with the District. For the period ending December 31, 2006, the District was not required to prepare financial statements. Information about the District and its function can be obtained from the administrative office in Vernal, Utah.

Economic Development Special Service District – The District was created by the adoption of a resolution establishing the service district. The District is administered by an Administrative Control Board, which is appointed by the Board of County Commissioners of Uintah County. The purpose of the District is to promote economic development within the District.

Fire Suppression Special Service District - The District was created by the adoption of a resolution establishing the service district. The District is administered by an Administrative Control Board, which is appointed by the Board of County Commissioners of Uintah County. The District was created to better organized the fire protection service within the County and surrounding area. To provide protection to citizens within the District from fires and make available other emergency services.

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds. The internal service fund is reported in a single column on the proprietary fund financial statements.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- “B” Road Fund – The “B” Road Fund is used to account for the revenues and expenditures used for repair, maintains and improvement of roads which are classified as B roads within the County boundaries.
- Municipal Services Fund – The Municipal Services Fund accounts for monies received by the County for the purpose of providing municipal type services for the unincorporated areas of the County.
- The Debt Service Fund – The Debt Service Fund accounts for resources used for the payment of interest and principal on general long-term debt obligations.
- Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by proprietary funds.

The County’s non-major governmental funds include other special revenue funds and a permanent fund. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The permanent fund accounts for resources earned and expended for needy children medical expenditures.

Proprietary Fund Financial Statements – Proprietary funds include enterprise funds and internal service funds. Internal Service funds are used to account for the goods and services provided by one fund to other funds of the County, rather than to the general public. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as non-operating.

The county reports the following major proprietary funds:

- Municipal Building Authority – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.
- Western Park Fund – The Western Park Fund accounts for resources and expenditures in the operating and maintain of the Western Park Arena and related facilities associated with activities at the arena.
- Care Center Fund – The Care Center Fund accounts for the resources needed for the repayment of debt used in the construction of the Uintah Care Center building.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County's non-major proprietary funds include the Landfill Fund and the Telecom Fund. The Landfill Fund accounts for resources used in the operation of the County landfill. The Telecom Fund accounts for the resources used in maintaining a 911 service for the County.

Internal Service Fund – The Internal Service Fund accounts for the resources used to pay health insurance premium for the County. The Internal Service Fund is reported on the proprietary fund statements. In the government-wide financial statement, the internal service fund is included with governmental activities since most of the services provided by the internal service fund are for governmental purposes.

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The county only has one type of fiduciary fund.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer's Tax Collection and Special Deposits. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Sector Standards of Accounting and Financial Reporting – The County generally applies to both the government-wide and proprietary fund statements all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

Interfund Transactions – Interfund transactions represent transactions between different funds within the County. In general, interfund activity including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as "internal balances" and offset each other to result in a zero balance in the total column.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, permanent funds and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the Board of County Commissioners a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board of County Commissioners discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Inventories

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An estimate of sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Employees can carry over up to 160 hours of unused vacation from one year to the next. Hours that exceed the 160 hours are lost if unused. Employees can carry over up to 240 hours of unused comp-time from year to year. Employees will be paid for any unused comp-time in excess of 240 hours. Employees can carry over unlimited hours of unused sick leave from one year to the next. Employees will only be paid for unused sick leave and vacation upon retirement.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$538,111 and for proprietary funds total \$66,642.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. Capital Assets

Capital assets include land, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and construction-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. **Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-40 years
Equipment	4-10 years
Infrastructure, (bridges)	40 years

The County has adopted an allowable alternative to reporting depreciation for its road network. Under this alternative method, referred to as the "modified approach," the County must maintain an asset management system and demonstrate that its roads are being preserved at or above condition levels established by County policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

J. **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

Primary Government Governmental activities:	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Capital assets not being depreciated:				
Land	\$ 1,563,233	\$ 534,320	\$ 13,550	\$ 2,084,003
Infrastructure (Roads)	238,256,718			238,256,718
Rights of Way	3,050,400			3,050,400
Work in progress	75,145		4,949	70,196
Total capital assets not being depreciated	<u>\$ 242,945,496</u>	<u>\$ 534,320</u>	<u>\$ 18,499</u>	<u>\$243,461,317</u>
Capital assets being depreciated:				
Buildings	\$ 8,071,710			\$ 8,071,710
Improvements other than buildings	3,600,810	\$ 147,264		3,748,074
Machinery and equipment	8,451,983	977,228	\$ 708,678	8,720,533
Infrastructure (Bridges)	7,320,796			7,320,796
Total capital assets being depreciated	<u>\$ 27,445,299</u>	<u>\$ 1,124,492</u>	<u>\$ 708,678</u>	<u>\$ 27,861,113</u>
Less accumulated depreciation for:				
Buildings	\$ 4,823,232	\$ 173,977		\$ 4,997,209
Improvements other than buildings	2,263,609	171,265		2,434,874
Machinery and equipment	6,186,628	776,649	\$ 538,286	6,424,991
Infrastructure (Bridges)	4,571,976	156,643		4,728,619
Total accumulated depreciation	<u>\$ 17,845,445</u>	<u>\$ 1,278,534</u>	<u>\$ 538,286</u>	<u>\$ 18,585,693</u>
Total capital assets, being depreciated, net	<u>\$ 9,599,854</u>	<u>\$ (154,042)</u>	<u>\$ 170,392</u>	<u>\$ 9,275,420</u>
Governmental activities capital assets, net	<u>\$ 252,545,350</u>	<u>\$ 380,278</u>	<u>\$ 188,891</u>	<u>\$252,736,737</u>

2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,790,517	\$ 63,550		\$ 1,854,067
Work in Progress	811,062	9,505	\$ 811,062	9,505
Total capital assets not being depreciated	<u>\$ 2,601,579</u>	<u>\$ 73,055</u>	<u>\$ 811,062</u>	<u>\$ 1,863,572</u>
Capital assets being depreciated:				
Buildings	\$15,387,916	\$ 1,346,063		\$ 16,733,979
Improvements other than buildings	779,469	536,704		1,316,173
Machinery and equipment	2,045,079	113,572	\$ 128,150	2,030,501
Total capital assets being depreciated	<u>\$18,212,464</u>	<u>\$ 1,996,339</u>	<u>\$ 128,150</u>	<u>\$ 20,080,653</u>
Less accumulated depreciation for:				
Buildings	\$ 2,799,001	\$ 426,017		\$ 3,225,018
Improvements other than buildings	323,838	51,057		374,895
Machinery and equipment	1,614,926	62,587	\$ 6,767	1,670,746
Total accumulated depreciation	<u>\$ 4,737,765</u>	<u>\$ 539,661</u>	<u>\$ 6,767</u>	<u>\$ 5,270,659</u>
Total capital assets, being depreciated, net	<u>\$13,474,699</u>	<u>\$ 1,456,678</u>	<u>\$ 121,383</u>	<u>\$ 14,809,994</u>
Business-type activities capital assets, net	<u>\$16,076,278</u>	<u>\$ 1,529,733</u>	<u>\$ 932,445</u>	<u>\$ 16,673,566</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 153,002
Public safety	294,709
Public Health	40,800
Highways and public improvements	742,936
Parks and recreation	45,777
Conservation and economic development	1,310
Total depreciation expense - governmental activities	<u>\$ 1,278,534</u>

Business-type activities:

Care Center	\$ 46,522
Western Park	148,244
Landfill	28,550
Telecom	5,348
Municipal building authority	310,997
Total depreciation expense - Business-Type Activities	<u>\$ 539,661</u>

Total depreciation expense \$ 1,818,195

3. LONG-TERM DEBT

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007				\$ 1,131,500	\$ 205,475	\$ 1,336,975
2008				1,389,500	159,710	1,549,210
2009				1,435,500	111,340	1,546,840
2010				1,472,500	60,710	1,533,210
2011				644,500	30,345	674,845
2012-2016				1,689,500	129,600	1,819,100
2017-2021				1,664,500	89,600	1,754,100
2022-2026				1,420,000	47,125	1,467,125
2027-2031				992,000	5,900	997,900
2032-2036				835,000		835,000
2037				167,000		167,000
	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$12,841,500</u>	<u>\$ 839,805</u>	<u>\$13,681,305</u>

Revenue Bonds payable at December 31, 2006, with their outstanding balances are comprised of the following individual issues:

Business-type Activities:

Taxable Lease Revenue Bonds Series 2006A, issued December 19, 2006.

The bonds are zero percent bonds with principal payments due beginning October 1, 2008 in the amount of \$166,000 and increasing to \$167,000 on October 1, 2018. The purpose of the bonds is to be used for the construction of a new recreation center in Vernal, Utah.

\$ 5,000,000

Taxable Lease Revenue Bond Series 2005, issued on October 25, 2005.

The purpose of the bond is to make improvements to Western Parks.

Payments begin January 1, 2007 and continue through January 1, 2026.

Each annual payment is \$45,000. The bond is a zero percent interest bond.

\$ 855,000

Lease Revenue Bond Series 1992, due in annual installments from \$10,000 to \$11,000, beginning October 1, 1992 and maturing October 1, 2012. The bond is a zero percent interest bond. The purpose of the bonds is to construct a fire station in Avalon and purchase fire equipment.

\$ 61,000

Lease Revenue Bond Series 2000A, due in annual installments from

\$197,000 to \$249,000, beginning June 1, 2002 and maturing June 1, 2010.

The bond is a 3.0% interest bond. The purpose of the bond is to

purchase real property and construct an addition to the Care Center building.

\$ 954,000

3. **LONG-TERM DEBT (Continued)**

Business-type Activities (Continued):

Lease Revenue Bond Series 2000B, due in annual installments from \$590,000 to \$860,000, beginning June 1, 2002 and maturing June 1, 2010. The bond has a varied interest rate ranging from 4.5% to 5.0%. The purpose of the bond is to purchase real property, equipment and help in the construction of an addition to the Care Center building. \$ 3,200,000

Lease Revenue Bond Series 2000D, due in annual installments of \$32,500, beginning September 1, 2002 and maturing September 1, 2021. The bond is a zero percent interest bond. The purpose of the bond is to purchase real property and pay for the construction of a building to house the Northeastern Counseling Center. \$ 487,500

Lease Revenue Bond Series 2000C, due in annual installments of \$11,000 to \$14,000, beginning June 1, 2002 and maturing January 1, 2010. The bond is a zero percent interest bond. The purpose of the bond is to retire and refund the Municipal Building Authority (MBA) outstanding obligation with respect to its Lease Revenue Bonds, Series 1991 which were issued to finance the costs of renovating and adding a nursing home facility known as the Uintah Care Center. \$ 39,000

Lease Revenue Bond Series 2002, due in annual installments ranging from \$44,000 to 79,000, beginning March 1, 2004 and maturing March 1, 2028. The bond is a 2.5% interest bond. The purpose of the bond is to purchase real property where a new museum can be constructed. \$ 1,365,000

Limited Obligation Bond Series 1994, due in annual installments ranging from \$23,000 to \$25,000, beginning August 15, 1995 and maturing August 15, 2019. The bond is a .5% interest bond. The purpose of the bond was to finance the costs of improvements to the Uintah County Western Park complex. \$ 320,000

Limited Obligation Bond Series 1991, due in one payment on the maturity date of September 1, 2011. There is no interest on the bond. The purpose of the Bond was to construct a day care addition to the Uintah County Care Center. \$ 280,000

Lease Revenue Bond Series 2004B, due in annual installments of \$35,000 beginning April 1, 2005 and maturing April 1, 2014. The bond is a zero percent interest bond. The purpose of the bonds is to finance the acquisition and construction of shop buildings and related improvements and paying necessary expense incidental thereto. \$ 280,000

Total \$12,841,500

3. LONG-TERM DEBT (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue bonds CIB	\$ 8,000,000		\$8,000,000		
Note payable	51,104		51,104		
Capital Leases	72,400		72,400		
Compensated Absences	<u>400,672</u>	<u>\$ 137,439</u>		<u>\$ 538,111</u>	
Governmental activity long-term liabilities	<u>\$ 8,524,176</u>	<u>\$ 137,439</u>	<u>\$8,123,504</u>	<u>\$ 538,111</u>	<u>\$...</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 8,995,000	\$5,000,000	\$1,153,500	\$12,841,500	\$1,131,500
Compensated Absences	<u>44,605</u>	<u>22,037</u>		<u>66,642</u>	
Business-type activity long-term liabilities	<u>\$ 9,039,605</u>	<u>\$5,022,037</u>	<u>\$1,153,500</u>	<u>\$12,908,142</u>	<u>\$1,131,500</u>

3. LONG-TERM DEBT (Continued)

Component Units

Long-term liability activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Capital Leases	\$ 1,496,249		\$ (117,917)	\$ 1,378,332	\$ 37,917
Bonds payable		<u>\$2,000,000</u>		<u>2,000,000</u>	<u>133,000</u>
Business-type activity long-term liabilities	<u>\$ 1,496,249</u>	<u>\$2,000,000</u>	<u>\$ (117,917)</u>	<u>\$ 3,378,332</u>	<u>\$ 170,917</u>
Governmental activities:					
Bonds payable:					
Revenue bonds	<u>\$ 1,065,000</u>		<u>\$ (276,000)</u>	<u>\$ 789,000</u>	<u>\$ 283,000</u>
Governmental activity long-term liabilities	<u>\$ 1,065,000</u>	<u>\$...</u>	<u>\$ (276,000)</u>	<u>\$ 789,000</u>	<u>\$ 283,000</u>

Proprietary Debt

During 1992, the County issued a Facility Limited Obligation Bond Series 1991, for the purpose of making a day care addition to the Uintah County Care Center. As part of the bond agreement the County deposited \$61,096 into an escrow account, which was invested in governmental securities, which matures August 15, 2011. The proceeds from this escrow account will be used to pay off the \$280,000 Facility Limited Obligation Bond, which matures September 1, 2011. The amount held in escrow at December 31, 2006, was \$194,460.

On March 16, 1994, Uintah County closed on a limited obligation bond in the amount of \$600,000 for the purpose of financing the costs of improvements to the Uintah County Western Park and to pay certain issuance expenses. The Bond bears interest at the rate of one-half of one percent (0.5%) per annum. Interest on the Bond shall accrue on the unpaid principal balance from August 15, 1994 and shall be payable annually on August 15, of each year commencing August 15, 1995 and ending on August 15, 2019. In order to defease the Bond and to provide funds for the payment of principal and interest on the Bond, the County has entered into an escrow agreement with Westone bank where funds have been deposited and invested in Government Obligations which together with interest earnings to accrue thereon, shall be sufficient to pay the principal of and interest on the Bonds as they become due and payable. The amount held in escrow at December 31, 2006, was \$93,269. The balance outstanding on the limited obligation bond is \$320,000 as of December 31, 2006.

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On August 31, 2000, the Municipal Building Authority of Uintah County issued Lease Revenue Bonds Series 2000A in the principal amount of \$2,000,000 together with interest at the rate of 3% per annum. The bonds begin accruing interest on the unpaid balance of the principal on June 1, 2001 and the interest and principal become payable beginning on June 1, 2002. The purpose of the bonds is to purchase land and construct an addition to the Uintah Care Center. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 1, 2007	\$ 228,000	\$ 28,620	\$ 256,620
June 1, 2008	235,000	21,780	256,780
June 1, 2009	242,000	14,730	256,730
June 1, 2010	249,000	7,470	256,470
	<u>\$ 954,000</u>	<u>\$ 72,600</u>	<u>\$ 1,026,600</u>

On August 15, 2000, the Municipal Building Authority of Uintah County issued Lease Revenue Bonds Series 2000B in the principal amount of \$6,440,000 together with a variable rate of interest. The bonds begin accruing interest on the unpaid balance on August 15, 2000 with interest payments due December 1, 2000, June 1, 2000 and December 1, 2001, while interest and principal become payable beginning on June 1, 2002. The purpose of the bonds is to purchase land, help construct an addition to the Uintah Care Center and purchase equipment for use in the Care Center. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 1, 2007	\$ 740,000	\$ 79,630	\$ 819,630
December 1, 2007		61,500	61,500
June 1, 2008	780,000	61,500	841,500
December 1, 2008		42,000	42,000
June 1, 2009	820,000	42,000	862,000
December 1, 2009		21,500	21,500
June 1, 2010	860,000	21,500	881,500
	<u>\$ 3,200,000</u>	<u>\$ 329,630</u>	<u>\$ 3,529,630</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On August 31, 2000, the Municipal Building Authority of Uintah County issued Lease Revenue Refunding Bond Series 2000C in the principal amount of \$137,000 together with a 0% rate of interest. Lease Revenue Refunding Bonds, Series 2000C were issued for the purpose of retiring and refunding the Authority's outstanding obligation with respect to its Lease Revenue Bonds, Series 1991, which were issued to finance the costs of renovating and adding a nursing home facility. The interest rate on both the refunding issue and the refunded issue was zero percent, which resulted in no economic gain or loss. Also, there is no difference in the required cash flows between the refunding and refunded bonds. The refunding has the effect of changes principal payment due dates from January 1, to June 1. Repayment of principal begins June 1, 2001. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
June 1, 2007	\$ 14,000
June 1, 2008	14,000
June 1, 2009	11,000
	<u>\$ 39,000</u>

On October 13, 2000, the Municipal Building Authority of Uintah County issued Lease Revenue Bond Series 2000D in the principal amount of \$650,000 together with a 0% rate of interest. Lease Revenue Bonds, Series 2000D were issued for the purpose of acquisition of land and the construction of a new approximately 7,000 square foot building to house the Vernal offices of the Northeastern Counseling Center and related improvements. Repayment of principal begins September 1, 2002. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
September 1, 2007	\$ 32,500
September 1, 2008	32,500
September 1, 2009	32,500
September 1, 2010	32,500
September 1, 2011	32,500
September 1, 2012	32,500
September 1, 2013	32,500
September 1, 2014	32,500
September 1, 2015	32,500
September 1, 2016	32,500
September 1, 2017	32,500
September 1, 2018	32,500
September 1, 2019	32,500
September 1, 2020	32,500
September 1, 2021	32,500
	<u>\$ 487,500</u>

On January 1, 2000, the Uintah County Municipal Building Authority changed from using governmental fund types to recording its transactions in a proprietary fund type. Because of this change, the Lease/Purchase Revenue Bonds 1992 have been removed from the General Long Term Debt Account Group and have been reported in the Uintah County Municipal Building Authority Fund, a proprietary fund type. Below the detail of Lease/Purchase Revenue Bonds Series 1992 have been reported:

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

Lease/Purchase Utah Series 1992 Bonds - On July 14, 1992, the Commission approved issuance, by the Uintah County Municipal Building Authority, of \$215,000 in bonds at zero percent interest to be repaid over twenty years. The purpose of the bonds is to construct a fire station in Avalon and purchase needed fire equipment. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
October 1, 2007	\$ 11,000
October 1, 2008	10,000
October 1, 2009	10,000
October 1, 2010	10,000
October 1, 2011	10,000
October 1, 2012	10,000
	<u>\$ 61,000</u>

On July 16, 2002, the Municipal Building Authority of Uintah County issued Lease Revenue Bonds, Series 2002, in the amount of \$1,200,000 together with interest at a rate of 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance from March 1, 2003 at the rate specified above, payable annually on March 1, of each year, with interest and principal installments beginning March 1, 2004.

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1, 2007	\$ 47,000	\$ 34,125	\$ 81,125
March 1, 2008	48,000	32,950	80,950
March 1, 2009	50,000	31,750	81,750
March 1, 2010	51,000	30,500	81,500
March 1, 2011	52,000	29,225	81,225
March 1, 2012	54,000	27,925	81,925
March 1, 2013	55,000	26,575	81,575
March 1, 2014	56,000	25,200	81,200
March 1, 2015	58,000	23,800	81,800
March 1, 2016	59,000	22,350	81,350
March 1, 2017	61,000	20,875	81,875
March 1, 2018	62,000	19,350	81,350
March 1, 2019	63,000	17,800	80,800
March 1, 2020	65,000	16,225	81,225
March 1, 2021	67,000	14,600	81,600
March 1, 2022	68,000	12,925	80,925
March 1, 2023	70,000	11,225	81,225
March 1, 2024	72,000	9,475	81,475
March 1, 2025	74,000	7,675	81,675
March 1, 2026	76,000	5,825	81,825
March 1, 2027	78,000	3,925	81,925
March 1, 2028	79,000	1,975	80,975
	<u>\$ 1,365,000</u>	<u>\$ 426,275</u>	<u>\$ 1,791,275</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On October 25, 2005, Uintah County Municipal Building Authority issued Taxable Lease Revenue Bonds Series 2005 in the principal amount of \$900,000 together with interest at the rate of zero percent. The principal becomes payable beginning January 1, 2007 and matures January 1, 2026. The purpose for issuing the bonds was to construct phase 4 at the Western Park facilities.

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
January 1, 2008	\$ 45,000
January 1, 2009	45,000
January 1, 2010	45,000
January 1, 2011	45,000
January 1, 2012	45,000
January 1, 2013	45,000
January 1, 2014	45,000
January 1, 2015	45,000
January 1, 2016	45,000
January 1, 2017	45,000
January 1, 2018	45,000
January 1, 2019	45,000
January 1, 2020	45,000
January 1, 2021	45,000
January 1, 2022	45,000
January 1, 2023	45,000
January 1, 2024	45,000
January 1, 2025	45,000
January 1, 2026	45,000
	<u>\$ 855,000</u>

On December 9, 2006, the Municipal Building Authority of Uintah County issued Taxable Lease Revenue Bond Series 2006A in the principal amount of \$5,000,000 together with a 0% rate of interest. Lease Revenue Bonds, Series 2006A were issued for the purpose of constructing a new recreation center located in Vernal, Utah. The County will own approximately 37% of the new recreation center building. Repayment of principal begins October 1, 2008 and ending October 1, 2037. The principal payments range from \$166,000 to \$167,000. The repayment schedule is as follows.

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

<u>Principal Payment Date</u>	<u>Amount of Principal Repayment</u>
October 1, 2008	\$ 166,000
October 1, 2009	166,000
October 1, 2010	166,000
October 1, 2011	166,000
October 1, 2012	166,000
October 1, 2013	166,000
October 1, 2014	166,000
October 1, 2015	166,000
October 1, 2016	166,000
October 1, 2017	166,000
October 1, 2018	167,000
October 1, 2019	167,000
October 1, 2020	167,000
October 1, 2021	167,000
October 1, 2022	167,000
October 1, 2023	167,000
October 1, 2024	167,000
October 1, 2025	167,000
October 1, 2026	167,000
October 1, 2027	167,000
October 1, 2028	167,000
October 1, 2029	167,000
October 1, 2030	167,000
October 1, 2031	167,000
October 1, 2032	167,000
October 1, 2033	167,000
October 1, 2034	167,000
October 1, 2035	167,000
October 1, 2036	167,000
October 1, 2037	167,000
	<u>\$ 5,000,000</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On October 13, 2004, the Municipal Building Authority of Uintah County issued Lease Revenue Bonds Series 2004B in the principal amount of \$350,000. The bonds were issued at a zero percent interest rate. The first payment beginning April 1, 2005 and continues each April 1 until the bonds are paid in full at April 1, 2014. The purpose of the bonds is to finance the acquisition and construction of shop buildings and related improvements and paying necessary expense incidental thereto. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2007	\$ 35,000		\$ 35,000
April 1, 2008	35,000		35,000
April 1, 2009	35,000		35,000
April 1, 2010	35,000		35,000
April 1, 2011	35,000		35,000
April 1, 2012	35,000		35,000
April 1, 2013	35,000		35,000
April 1, 2014	35,000		35,000
	<u>\$ 280,000</u>	<u>\$...</u>	<u>\$ 280,000</u>

4. **DEPOSITS AND INVESTMENTS**

It is the County's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to non-major funds and internal service funds, is displayed on the Balance Sheet for Governmental Funds and the Statement of Net Assets for proprietary funds, respectively, as "cash and investments." Total non-fiduciary cash and investments is also reflected on the government-wide Statement of Net Assets. The fiduciary fund's portion is found on the Statement of Fiduciary Assets and Liabilities. Income from the investment of the pooled cash is allocated based on each fund's balance in the pool. In addition, cash is separately held by several funds.

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk-Deposits

The Act requires the depositing of public funds only in a "qualified depository" or a "permitted depository". A "qualified depository" is a Utah depository institution, which complies with capital ratios and public deposit limits established by rule of the Council and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A "permitted depository" is an out-of-state financial institution that meets quality criteria established by rule of the Council. The custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered.

The County's deposits are insured up to \$100,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2006, the bank balance of the County's deposits was zero.

Investments

Investments are recorded at fair value or at cost where there is no material difference from fair value based upon quoted market prices as of December 31, 2006, with the difference between the purchase price and market price being recorded as interest income.

The Act also defines the types of securities allowed as appropriate investments for the County and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities.

Allowable investments under the Act include:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted depositories.
- Repurchase agreements with qualified depositories or government security dealers certified by the director of the State Division of Securities as meeting quality criteria established by the State Money Management Council.

Allowable investments under the Act include (Continued):

- Commercial paper, which is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's, which have a remaining term of 270 days or less.
- Bankers' acceptances that are eligible for discount at a Federal reserve bank and which have a remaining term of 270 days or less.
- Obligations of the United States Treasury, including bills, notes, and bonds.

4. DEPOSITS AND INVESTMENTS (Continued)

- Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Agriculture Mortgage Corporation, and Tennessee Valley Authority.
- Corporate obligations maturing in two years or less, which are rated "A" or higher by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's.
- Shares or certificates in a money market mutual fund that comply with Rule 2a-7 of the Securities Exchange Commission.
- Utah Public Treasurer's Investment Fund.

The carrying amount and fair value of the County's investments at December 31, 2006 is as follows:

<u>Investment Type</u>	<u>Carrying Amount and Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U.S. Treasury Securities	\$ 1,205,833	\$ 1,205,833			
U.S. Government Mutual Funds	1,766,528	1,766,528			
Repurchase Agreements	7,313,083	7,313,083			
	<u>\$ 10,285,444</u>	<u>\$ 10,285,444</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
<u>Other Investments</u>					
Utah Public Treas. Invest. Fund	<u>36,747,667</u>				
 Total investments	 <u>\$ 47,033,111</u>				

4. DEPOSITS AND INVESTMENTS (Continued)

The Utah Public Treasurer's Investment Fund ("the Pool") is a voluntary external Local Government Investment Pool managed by the Utah State Treasurer to improve investment efficiency and yield. These monies are invested in securities permitted by the Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2 million. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

Government and agency securities consist of U.S. Treasury bonds, notes and bills, Federal Home notes and government mutual funds with underlying securities that are U.S. Treasury bonds, notes and bills.

Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The County's policy for managing interest rate risk is to comply with the Utah Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and to 365 days or less for fixed rate negotiable deposits, and fixed rate corporate obligations. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and Component Units follows the Utah Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The County's rated debt investments as of December 31, 2006 were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

	Carrying Amount and Fair Value	Quality Rating
<u>Debt Securities</u>		
U.S. Treasury Securities	\$ 1,205,833	Not Rated
U.S. Government Mutual Funds	1,766,528	Not Rated
Repurchase Agreements	7,313,083	Not Rated

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk-Investment

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The County's investments at December 31, 2006 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$7,313,083 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

Concentration of Credit Risk-Investment

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the United States government and its agencies. The County complies with the concentration limits of Rule 17 of the Utah Money Management Act.

5. PENSION PLANS

Uintah County contributes to the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

5. PENSION PLANS (Continued)

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.0% of their annual covered salary (some of which maybe paid by the County) and Uintah County is required to contribute 7.08% of their annual covered salary from January 2006 through June 2006. Uintah County is required to contribute 7.58% of employees annual covered salaries from July 2006 through December 2006. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are not required to make contributions of their annual salaries but Uintah County is required to contribute 19.34% of employees' annual salary from January to June and contribute 22.38% of employees' annual salary from July to December. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Uintah County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$842,517, \$749,008 and \$622,777 respectively and for the Public Safety Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$286,666, \$249,642 and \$215,666 respectively. The contributions were equal to the required contributions for each year.

6. CONTINGENT LIABILITIES

Uintah County has several pending lawsuits and notice of claims filed by different individuals. These cases are currently pending and the outcome is undeterminable at this time. The County has taken the position to vigorously contest these suits.

7. PROPERTY TAX CALENDAR

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, special public hearings must be held before the final rate is adopted. The final tax rate is assessed by the county assessor on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.

8. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains Enterprise Funds, which provide sanitation services, telecommunication, special activities and nursing home services. Segment information for the year ended December 31, 2006 is as follows:

	<u>Landfill</u>	<u>Telecom- munications</u>	<u>Western Park</u>	<u>Care Center</u>	<u>Municipal Building Authority</u>
Operating Revenues:					
Charges for services	\$ 674,616	\$ 141,097	\$ 276,541	\$ 218,550	\$1,286,611
Depreciation expense	28,550	5,348	147,980	46,522	310,997
Operating income (loss)	162,446	(23,993)	(898,845)	(991,716)	909,223
Tax revenues			1,116,193	4,468,908	
Operating transfers in			130,000		
Net income/(loss)	227,488	(16,432)	425,697	3,782,000	1,133,089
Property, plant and equipment:					
Additions	58,000		552,357		647,975
Deletions			128,150		
Net working capital	1,398,203	141,202	867,916	12,599,622	5,946,097
Total assets	1,648,242	24,454	5,548,531	13,468,068	18,469,402
Total equity	1,589,179	185,326	5,110,918	13,188,068	5,843,114

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member Counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

The County continues to carry commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years.

10. **MUNICIPAL SOLID WASTE LANDFILLS**

Uintah County has a landfill that operates within the County. The County has filed with the State for operating permits for the landfill and has received a written approval. The County has received the landfill permit to stay in operation effective November 1, 2000 and expires October 31, 2005. On August 31, 2005 Uintah County submitted a permit renewal form to the State of Utah. The State had not finished processing this permit as of May 31, 2007 but has allowed the County to continue to operate the Landfill until the permit is processed.

Uintah County has obtained information necessary to determine the nature and source of landfill closure and postclosure care requirements. An amount of liability for closure and postclosure care costs, estimated total current cost of closure and postclosure care remaining to be recognized, percentage of landfill capacity used to date and the nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations has been calculated by the County and the engineers. The County has set aside an amount of \$77,947 to be put into an account held by the Utah Public Treasurer's Investment Pool. Each year the County will contribute an additional \$6,500 to this fund. The accumulated amount will be used for the above costs.

11. **RECONCILIATION OF INTERFUND TRANSFERS**

The following table provides a reconciliation of all interfund transfers:

	Transfers in				Total
	General Fund	Capital Projects Funds	Western Park Funds	Nonmajor Governmental Funds	
Transfer Out:					
General Fund		\$ 1,100,000		\$ 1,500,142	\$2,600,142
Nonmajor Funds	\$ 100,158		\$ 130,000		230,158
	<u>\$ 100,158</u>	<u>\$ 1,100,000</u>	<u>\$ 130,000</u>	<u>\$ 1,500,142</u>	<u>\$2,830,300</u>

A transfer from the Food Service Tax Fund in the amount of \$130,000 was made to Western Parks Fund to defray the costs of providing service for tourism. The Tax Stability Trust Fund transfer of \$100,158, which was interest earned in the fund to the General Fund to help cover the costs of providing general services with the County. A transfer from the General Fund of \$2,600,142 went to several funds including the Assessing and Collecting Fund, Council on Aging, Cemetery Funds and Capital Projects Fund. This transfer was to help cover costs in these funds.

12. BUDGETARY COMPLIANCE

For the year ended December 31, 2006, Uintah County had one unfavorable budget variance in the Clerk/Auditor department of the General Fund. The department had budgeted \$453,700 for 2006 and spent \$621,043, which resulted in a \$167,343 unfavorable budget variance.

13. USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

14. FUND BALANCE RESERVATIONS/NETS ASSETS RESTRICTIONS

The county has reserved the following fund balances of governmental funds and net assets for proprietary funds:

Governmental Funds

\$3,681,494 has been reserved in the "B" Road Fund for the purpose of maintaining, improving, repairing or replacement of "B" roads in Uintah County.

\$3,647,681 has been reserved in the Municipal Services Fund for the purpose of paying costs associated with public land issues, public safety, such as costs of fire control and police protection in different areas of the County along with street lighting and signs.

\$444,775 has been reserved in the Debt Service Fund for the purpose of paying principal and interest on general long-term debt.

\$6,277,213 has been reserved in the Capital Project Fund for the purpose of acquiring or construction of capital assets needed by the County.

\$478,165 has been reserved in a number of Cemetery Funds for the purpose of maintaining, improving and operation of several cemeteries located in different areas of the County.

Proprietary Funds

\$1,800,334 has been reserved in the Municipal Building Authority Fund for the purpose of meeting sinking fund and reserve requirements of bond covenants and because bond funds received are to be held for future construction projects such the museum and Western Park. Also net assets have been restricted because of bond issuance costs.

\$93,269 has been reserved in the Western Park Fund for the purpose of retiring bonds as they become due.

\$194,460 has been reserved in the Care Center Fund to be invested and to accumulate an amount necessary to retire bonds.

\$77,947 has been reserved in the Landfill Fund as a post closures reserve fund to cover costs to close the landfill and maintain the landfill after closure.

14. FUND BALANCE RESERVATIONS/NETS ASSETS RESTRICTIONS (Continued)

The County has also restricted nets assets in the Government-wide financial statements. The nets assets restricted are the same amounts that have been reserved in the fund financial statements except the net assets have not been restricted for capital projects of \$6,277,213 and the County has not restricted net assets for Cemetery funds in the amount of \$478,165.

15. OTHER POST RETIREMENT BENEFITS

The County pays other post retirement benefits to employees of the County that qualify under their policy. The policy states that the County will pay up to 90 percent of an employee's health insurance premium after retirement if they qualify for a pension through the Utah State Retirement System and has worked 20 years for the County. If employees have worked less than 20 years, the County will pay 5% per year as a percentage of the 90% benefit. Therefore, if an employee had worked for 10 years and qualified for a pension through the Utah State Retirement System the County would pay 50% of the 90% health insurance benefit. This benefit is available to employees only until they qualify for Medicare. For the year ended December 31, 2006, the County paid \$82,433.03 of other post employment benefit. At December 31, 2006, the County had 13 employees that qualified for this benefit. The County has elected to pay other post employment benefits on a pay-as-you-go basis.

SCHEDULE 1

**UINTAH COUNTY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED
USING THE MODIFIED APPROACH
FOR THE YEAR ENDED DECEMBER 31, 2006**

As allowed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the County has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The County capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the County is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the County.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the County.

Roads

Utah County applies the modified approach only to the 491 paved, 813 gravel and 91 dirt lane-miles of roads considered to be owned by the County and maintained by the County's Public Works Department (i.e. for which the County has legal jurisdiction). The goal of the County in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the County's investment in its road network and enhances public transportation and safety.

Condition Rating of the County's Road System

Percentage of Lane-Miles in Good or Better Condition:

	Percentage				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	57	57	45	64	65
Gravel	60	60	60	60	60
Dirt	55	55	55	55	55
Overall System	57	57	53	60	61

SCHEDULE 1
(Continued)

Condition Rating of the County's Road System (Continued)

Percentage of Lane-Miles in Substandard Condition is:

	Percentage				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	15	15	9	7	7
Gravel	10	10	10	14	14
Dirt	10	10	10	14	14
Overall System	12	12	10	12	12

Comparison of Needed-to Actual Maintenance/Preservation in 2002, 2003, 2004, 2005 and 2006 Roads:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Estimated	3,500,000	3,500,000	3,500,000	3,700,000	3,800,000
Actual	3,301,000	3,004,360	3,206,155	3,058,134	3,808,949

The condition of road pavement is measured using the American (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify road in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 55 percent of its road system at a good or better condition level. No more than 15 percent should be in substandard condition. Condition assessments are determined every year.

This schedule presents the information for the last five years as required.

UINTEAH COUNTY
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

SPECIAL REVENUE FUNDS																	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
HISTORIC PRESERVA-TION	ASSESSING AND COLLECTING	FLOOD CONTROL	TRI-COUNTY HEALTH FUND	COUNCIL ON AGING	DRUG COURT	TRANSIENT ROOM TAX	FOOD SERVICE TAX	TORT LIABILITY	LIBRARY FUNDS	REGIONAL HISTORY CENTER	911 EMERGENCY SERVICE	CEMETERIES	GIRT CHILDREN'S FUND	UARC PUBLIC EDUC.	TAX STABILITY			
\$ 35,447		\$ 492,227	\$ 750	\$ 215,583	\$ 215,602	\$ 637,393	\$ 572,277	\$ 542,832	\$ 250	\$ 139,631	\$ 666,809	\$ 467,433	\$ 87,834	\$ 22,924	\$ 2,009,274	\$	\$ 1,000	
			675,574		6,075				1,539,714	\$ 1						\$ 8,320,554		
																6,156		
	\$ 38,283	2,344						7,862	35,924				3,332			\$ 84,453		
												25,789				3,332	\$ 314,512	
\$ 35,447	\$ 38,283	\$ 494,611	\$ 887,455	\$ 260,635	\$ 254,217	\$ 637,393	\$ 572,277	\$ 550,694	\$ 1,575,888	\$ 139,712	\$ 666,809	\$ 493,222	\$ 91,166	\$ 22,924	\$ 2,009,274	\$	\$ 8,730,007	
			\$ 9,529	\$ 25,414	\$ 2,545				\$ 51,967		\$ 15,078	\$ 3,696				\$	\$ 110,229	
			12,464	2,338	22,862		\$ 4,000		13,369	\$ 16		707				\$ 57,756		
			69,664	24,390	1,278				36,975			10,654				\$ 142,561		
\$	\$	\$	\$ 91,637	\$ 52,142	\$ 26,685	\$	\$ 4,000	\$	\$ 106,311	\$ 16	\$ 15,078	\$ 15,057	\$	\$	\$	\$	\$ 310,946	
\$	\$ 38,283	\$ 494,611	\$ 795,798	\$ 208,493	\$ 227,532	\$ 637,393	\$ 568,277	\$ 550,694	\$ 1,469,577	\$ 139,696	\$ 651,731	\$ 478,165	\$	\$ 22,924	\$	\$ 478,165	\$	
\$ 35,447	\$ 38,283	\$ 494,611	\$ 795,798	\$ 208,493	\$ 227,532	\$ 637,393	\$ 568,277	\$ 550,694	\$ 1,469,577	\$ 139,696	\$ 651,731		\$ 91,166	\$ 22,924	\$ 2,009,274	\$ 5,931,622	\$ 2,009,274	
\$ 35,447	\$ 38,283	\$ 494,611	\$ 887,455	\$ 260,635	\$ 254,217	\$ 637,393	\$ 572,277	\$ 550,694	\$ 1,575,888	\$ 139,712	\$ 666,809	\$ 493,222	\$ 91,166	\$ 22,924	\$ 2,009,274	\$ 8,419,061	\$ 8,730,007	

ASSETS

Cash
Investments
Accounts receivable
Taxes receivable
Other receivables
Due from other governments
Total assets

LIABILITIES AND FUND BALANCES

Liabilities:
Accounts payable
Warrants payable
Accrued liabilities
Total liabilities
Fund balances:
Reserved
Unreserved, reported in:
Special revenue funds
Permanent funds
Total fund balances
Total liabilities and fund balance

UNTAH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	SPECIAL REVENUE FUNDS													PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	HISTORIC PRESERVA- TION	ASSESSING AND COLLECTING	FLOOD CONTROL	TRI-COUNTY HEALTH FUND	COUNCIL ON AGING	DRUG COURT	TRANSIENT ROOM TAX	FOOD SERVICE TAX	TORT LIABILITY	LIBRARY FUNDS	REGIONAL HISTORY CENTER	911 EMERGENCY SERVICE	CEMETERIES	CHILDREN'S FUND	URAC PUBLIC EDUC.		TAX STABILITY
REVENUES:																	
Taxes		\$ 1,297,875	\$ 73,752					\$ 342,081	\$ 274,086	\$ 1,255,066							\$ 3,514,265
Intergovernmental revenues	\$ 6,200			\$ 1,410,933	\$ 465,859	\$ 129,451				11,019		\$ 131,003	\$ 78,023				2,232,488
Charges for Services				767,764	111,452	177,428				51,814	\$ 13,193	356,417	91,425				1,569,493
Interest income	1,512		25,741	32,501	13,961	8,716		23,488	15,122	50,198	6,386	31,294	22,013	\$ 7,537		\$ 102,081	365,324
Miscellaneous				500	2,515				500	5,493	94		900				10,002
Total revenues	\$ 7,712	\$ 1,297,875	\$ 99,493	\$ 2,211,698	\$ 593,787	\$ 315,595	\$ 365,569	\$ 296,179	\$ 289,708	\$ 1,373,590	\$ 19,673	\$ 518,714	\$ 192,361	\$ 7,537	\$	\$ 102,081	\$ 7,691,572
EXPENDITURES:																	
General government		\$ 2,088,734							\$ 198,815								\$ 2,287,549
Public safety						\$ 237,189						\$ 528,378					765,567
Public health																	3,001,168
Parks, recreation and public property	\$ 3,561		\$ 126,041	\$ 2,106,221	\$ 846,726			\$ 48,211		\$ 1,244,192			\$ 382,138				1,755,932
Conservation and economic development							\$ 120,000						51,104				120,000
Principal debt payment																	51,104
Total expenditures	\$ 3,561	\$ 2,088,734	\$ 126,041	\$ 2,106,221	\$ 846,726	\$ 237,189	\$ 120,000	\$ 48,211	\$ 198,815	\$ 1,244,192	\$	\$ 528,378	\$ 433,242	\$	\$	\$	\$ 7,981,290
Excess of revenues over (under) expenditures	\$ 4,151	\$ (790,859)	\$ (26,548)	\$ 105,477	\$ (252,949)	\$ 78,406	\$ 245,569	\$ 247,968	\$ 90,893	\$ 129,398	\$ 19,673	\$ (9,664)	\$ (240,881)	\$ 7,537	\$	\$ 102,081	\$ (289,748)
Other financing sources (uses):																	
Transfers in		\$ 829,142			\$ 371,000								\$ 300,000			\$	\$ 1,500,142
Transfers out																\$ (100,158)	(230,158)
Total other financing sources (uses)	\$	\$ 829,142	\$	\$	\$ 371,000	\$	\$	\$ (130,000)	\$	\$	\$	\$	\$ 300,000	\$	\$	\$ (100,158)	\$ 1,269,984
Excess of revenues and other sources over (under) expenditures and other uses	\$ 4,151	\$ 38,283	\$ (26,548)	\$ 105,477	\$ 118,051	\$ 78,406	\$ 245,569	\$ 117,968	\$ 90,893	\$ 129,398	\$ 19,673	\$ (9,664)	\$ 99,119	\$ 7,537	\$	\$ 1,923	\$ 980,236
Fund Balances - Beginning of year	31,296		521,159	690,321	90,442	149,126	391,824	450,309	459,801	1,340,179	120,023	661,395	419,046	83,629	22,924	2,007,351	7,438,825
Fund Balances - End of year	\$ 35,447	\$ 38,283	\$ 494,611	\$ 795,798	\$ 208,493	\$ 227,532	\$ 637,393	\$ 568,277	\$ 550,694	\$ 1,469,577	\$ 139,696	\$ 651,731	\$ 478,165	\$ 91,166	\$ 22,924	\$ 2,009,274	\$ 8,419,061

UINTAH COUNTY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR PROPERETARY FUNDS
DECEMBER 31, 2006

	NON-MAJOR BTA'S - ENTERPRISE FUNDS		
	LANDFILL	TELE- COMMUNICATIONS	TOTAL NONMAJOR BTA'S
<u>ASSETS</u>			
Current assets:			
Cash	\$ 275		\$ 275
Investments	1,366,397	\$ 148,117	1,514,514
Receivables - net			
Accounts	12,647	12,213	24,860
Restricted investments	77,947		77,947
Total current assets	\$ 1,457,266	\$ 160,330	\$ 1,617,596
Noncurrent assets:			
Land	\$ 51,300		\$ 51,300
Buildings	9,713		9,713
Improvements other than buildings	54,136		54,136
Furniture, fixtures and equipment	1,000,822	\$ 229,794	1,230,616
Less: Accumulated depreciation	(924,995)	(185,670)	(1,110,665)
Total noncurrent assets, net	\$ 190,976	\$ 44,124	\$ 235,100
Total assets	\$ 1,648,242	\$ 204,454	\$ 1,852,696
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 13,281	\$ 10,818	\$ 24,099
Warrants payable	4,662	901	5,563
Accrued wages and benefits	41,120	7,409	48,529
Total current liabilities	\$ 59,063	\$ 19,128	\$ 78,191
Total noncurrent liabilities	\$...	\$...	\$...
Total liabilities	\$ 59,063	\$ 19,128	\$ 78,191
Net Assets:			
Invested in capital assets, net of related debt	\$ 190,976	\$ 44,124	\$ 235,100
Restricted	77,947		77,947
Unrestricted	1,320,256	141,202	1,461,458
Total net assets	\$ 1,589,179	\$ 185,326	\$ 1,774,505

UINTAH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	NON-MAJOR BTA'S - ENTERPRISE FUNDS		
	LANDFILL	TELE- COMMUNICATIONS	TOTAL NON-MAJOR BTA'S
Operating revenues:			
Charges for sales and services	\$ 674,616	\$ 141,097	\$ 815,713
Total operating revenues	\$ 674,616	\$ 141,097	\$ 815,713
Operating expenses:			
Employee salaries and benefits	\$ 345,303	\$ 49,851	\$ 395,154
Office supplies	745	13,994	14,739
Other supplies and services	16,401		16,401
Contractual services	19,225		19,225
Utilities	3,112		3,112
Fuel and oil	38,766		38,766
Repairs and maintenance	56,122	34,209	90,331
Depreciation	28,550	5,348	33,898
Travel	1,910	174	2,084
Telephone	2,036	61,514	63,550
Total operating expenses	\$ 512,170	\$ 165,090	\$ 677,260
OPERATING INCOME (LOSS)	\$ 162,446	\$ (23,993)	\$ 138,453
Nonoperating revenues (expenses):			
Interest revenue	\$ 64,533	\$ 7,561	\$ 72,094
Miscellaneous revenue	509		509
Total nonoperating revenues (expenses)	\$ 65,042	\$ 7,561	\$ 72,603
Income (loss) before capital contributions	\$ 227,488	\$ (16,432)	\$ 211,056
Total capital contributions	\$...	\$...	\$...
Change in net assets	\$ 227,488	\$ (16,432)	\$ 211,056
Total net assets - beginning of year	1,361,691	201,758	1,563,449
Total net assets - end of year	\$ 1,589,179	\$ 185,326	\$ 1,774,505

UTAH COUNTY
 COMBINING BALANCE SHEET - CEMETERIES
 FOR THE YEAR ENDED DECEMBER 31, 2006

ASSETS												
	MAESER CEMETERY	ROCKPOINT CEMETERY	JENSEN CEMETERY	LEOTA CEMETERY	HAYDEN CEMETERY	LAPPOINT CEMETERY	DRYFORK CEMETERY	AVALON CEMETERY	GUSHER CEMETERY	TRIDELL CEMETERY	CEMETERY ASSOCIATION	TOTAL CEMETERIES
Investments	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 29,523	\$ 467,433
Due from other governments											25,789	25,789
Total assets	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 55,312	\$ 493,222
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable											\$ 3,696	\$ 3,696
Warrants payable											707	707
Accrued liabilities											10,654	10,654
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 15,057	\$ 15,057
Fund balances:												
Reserved:												
Cemeteries	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 40,255	\$ 478,165
Total fund balances	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 40,255	\$ 478,165
Total liabilities and fund balances	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 55,312	\$ 493,222

UTAH COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - CEMETERIES
 FOR THE YEAR ENDED DECEMBER 31, 2006

	MAESSER CEMETERY	ROCKPOINT CEMETERY	JENSEN CEMETERY	LEOTA CEMETERY	HAYDEN CEMETERY	LAPoint CEMETERY	DRYFORK CEMETERY	AVALON CEMETERY	GUSHER CEMETERY	TRIDELL CEMETERY	CEMETERY ASSOCIATION	TOTAL CEMETERIES
REVENUES:												
Intergovernmental revenues												
Charges for services	\$ 8,600	\$ 17,575	\$ 3,300		\$ 800	\$ 1,200		\$ 300		\$ 1,550	\$ 78,023	\$ 78,023
Interest income	11,253	1,323	4,876	\$ 31	81	388	\$ 1,614	16	\$ 177	550	58,100	91,425
Miscellaneous		900									1,704	22,013
												900
Total revenues	\$ 19,853	\$ 19,798	\$ 8,176	\$ 31	\$ 881	\$ 1,588	\$ 1,614	\$ 316	\$ 177	\$ 2,100	\$ 137,827	\$ 192,361
EXPENDITURES:												
Current:												
Parks, recreation, and public property	\$ 2,596	\$ 44		\$ 2,500	\$ 350		\$ 69				\$ 376,579	\$ 382,138
Principal debt payment		51,104										51,104
Total expenditures	\$ 2,596	\$ 51,148	\$	\$ 2,500	\$ 350	\$	\$ 69	\$	\$	\$	\$ 376,579	\$ 433,242
Excess revenues over (under) expenditures	\$ 17,257	\$ (31,350)	\$ 8,176	\$ (2,469)	\$ 531	\$ 1,588	\$ 1,545	\$ 316	\$ 177	\$ 2,100	\$ (238,752)	\$ (240,881)
OTHER FINANCING SOURCES (USES):												
Transfers in												
Total other financing sources (uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 300,000	\$ 300,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ 17,257	\$ (31,350)	\$ 8,176	\$ (2,469)	\$ 531	\$ 1,588	\$ 1,545	\$ 316	\$ 177	\$ 2,100	\$ 61,248	\$ 59,119
FUND BALANCES - beginning of year	220,801	66,041	96,264	2,581	1,642	6,863	32,129	107	3,527	10,084	(20,993)	419,046
FUND BALANCES - end of year	\$ 238,058	\$ 34,691	\$ 104,440	\$ 112	\$ 2,173	\$ 8,451	\$ 33,674	\$ 423	\$ 3,704	\$ 12,184	\$ 40,255	\$ 478,165

UNTAH COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
FOR THE 2005 PROPERTY TAX YEAR

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	REAL AND CENTRALLY ASSESSED TAXES CHARGED	PERSONAL PROPERTY TAXES CHARGED	TOTAL TAXES CHARGED	TREASURER'S RELIEF			NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS		DELINQUENCIES	
								UNPAID TAXES	ABATEMENTS	OTHER			Fees IN LIEU	MISC. COLLECTED	TAX	INTEREST/ PENALTY
COUNTY FUNDS:																
Care Center	\$ 2,616,767,200	0.000000	\$ 185,704,443	0.000000	\$ 70,653	\$ 5,571	\$ 76,224	\$ (1,793)	\$ (231)	\$ (226)	\$ (2,250)	0.970	\$ 6,704	\$ 943	\$ 267	\$ 35
Debt Service	2,616,767,200	0.000000	185,704,443	0.000000	4,458,971	353,582	4,812,553	(113,177)	(14,557)	(16,235)	(143,969)	0.970	423,071	99,624	116,046	54,458
Flood control	2,616,767,200	0.000027	185,704,443	0.000030								0.970			2	
General	2,616,767,200	0.001704	185,704,443	0.000000								0.970				
Landfill	2,616,767,200	0.000000	185,704,443	0.000000	1,065,024	84,496	1,149,520	(27,032)	(3,477)	(3,920)	(34,429)	0.970	101,050	14,345	27,794	1,336
Library	2,616,767,200	0.000407	185,704,443	0.000455	232,892	18,570	251,462	(5,911)	(760)	(951)	(7,622)	0.970	22,097	3,120	6,054	290
Tort liability	2,616,767,200	0.000089	185,704,443	0.000100	785,030	55,711	840,741	(19,926)	(2,563)	3,683	(18,806)	0.978	74,484	10,163	15,841	816
Local assessing and collecting	2,616,767,200	0.000300	185,704,443	0.000300	363,731	32,127	395,858	(9,232)	(1,187)	(4,603)	(15,022)	0.962	34,511	5,037	10,638	494
State assessing and collecting	2,616,767,200	0.000139	185,704,443	0.000173												
Total County Funds					\$ 6,976,301	\$ 550,057	\$ 7,526,358	\$ (177,071)	\$ (22,775)	\$ (22,252)	\$ (222,098)		\$ 661,917	\$ 93,130	\$ 178,544	\$ 57,521
SCHOOL DISTRICTS:																
Utah School District	\$ 2,616,767,200	0.006307	\$ 185,704,443	0.006001	\$ 16,903,951	\$ 1,114,412	\$ 17,618,363	\$ (418,901)	\$ (53,878)	\$ 134,204	\$ (338,575)	0.985	\$ 1,565,908	\$ 210,411	\$ 366,983	\$ 18,429
Total School Districts					\$ 16,903,951	\$ 1,114,412	\$ 17,618,363	\$ (418,901)	\$ (53,878)	\$ 134,204	\$ (338,575)		\$ 1,565,908	\$ 210,411	\$ 366,983	\$ 18,429
CITIES AND TOWNS:																
Vernal City	\$ 354,350,857	0.000820	\$ 44,147,267	0.001072	\$ 290,568	\$ 47,325	\$ 337,893	\$ (11,165)	\$ (2,183)	\$ (9,033)	\$ (22,381)	0.934	\$ 54,906	\$ 5,867	\$ 15,328	\$ 566
Ballard City	31,333,639	0.002264	2,838,752	0.000964	102,273	2,737	105,010	(9,099)	(349)	5,343	(4,105)	0.961	8,080	272	1,834	171
Naples City	82,117,788	0.000394	36,744,016	0.000508	32,354	18,666	51,020	(1,093)	(181)	(2,213)	(3,487)	0.932	9,723	2,395	7,098	167
Total Cities and Towns					\$ 425,195	\$ 68,728	\$ 493,923	\$ (21,357)	\$ (2,713)	\$ (5,903)	\$ (29,973)		\$ 72,709	\$ 8,532	\$ 24,220	\$ 904

UNTAH COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
FOR THE 2006 PROPERTY TAX YEAR

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	REAL AND CENTRALLY ASSESSED TAXES CHANGED	PERSONAL PROPERTY TAXES CHANGED	TREASURER'S RELIEF			TOTAL TAXES CHANGED	OTHER COLLECTIONS			DELINQUENCIES	
							UNPAID TAXES	ABATEMENTS	OTHER		PERCENT	FIBES IN LIEU	MISC. COLLECTED	TAX	INTEREST/ PENALTY
OTHER DISTRICTS:															
Mesaquito Abatement	\$ 2,616,767,200	0.000251	\$ 185,704,443	0.000280	\$ 696,809	\$ 51,997	\$ 700,806	\$ (16,671)	\$ (2,144)	\$ (2,303)	\$ (21,118)	\$ 687,688	\$ 8,778	\$ 17,118	\$ 828
Central Utah Water	2,616,767,200	0.000357	185,704,443	0.000400	934,185	74,382	1,008,467	(23,711)	(3,050)	(3,610)	(30,371)	978,096	12,509	22,849	1,111
Utah Water Conservancy	2,325,376,978	0.000340	182,782,121	0.000380	858,638	69,457	928,085	(21,043)	(2,711)	(2,999)	(26,773)	901,312	11,597	21,743	1,002
Ashley Water	396,047,921	0.000251	65,719,208	0.001603	99,408	105,348	204,756	(5,843)	(913)	(85,892)	(92,648)	112,108	9,085	54,247	1,210
Ashley Valley North	2,112,165	0.000648	10,574	0.000778	1,369	8	1,377	(10)	(1)	(1)	(11)	1,366	3	64	2
Shoemaker-Mechum	520,132	0.000000	63,016	0.000000											
Pleasant Glen	13,033,336	0.000000	172,769	0.000000											
Honey Withdraw	3,982,804	0.000878	2,323,675	0.000945	3,497	2,196	5,693	(572)	(87)	(639)	(639)	5,034	156	114	4
Reamston Withdraw	518,940	0.001761	2,217	0.002157	914	5	919	(24)	(5)	(5)	(5)	914	219	123	15
Chivers Withdraw	2,374,905	0.000423	2,249,064	0.001199	1,006	2,697	3,703	(24)	(2,093)	(2,117)	(2,117)	1,586	132	861	1
Westside Withdraw	12,026,877	0.001681	145,950	0.002338	20,217	314	20,531	(102)	(82)	(82)	(184)	20,367	336	175	10
Mason Water	100,336,211	0.000521	2,089,477	0.000668	52,275	1,396	53,671	(2,266)	(527)	(489)	(3,042)	50,629	1,948	2,649	98
Jeannot Water	47,192,238	0.000706	739,973	0.000866	33,318	641	33,959	(1,114)	(125)	(741)	(1,498)	33,461	3,723	1,588	113
Ballant Water	33,188,820	0.000423	2,859,126	0.000466	14,039	1,332	15,371	(1,310)	(61)	(276)	(1,647)	13,724	1,134	1,006	64
Cherry Park Water	14,211,027	0.000785	85,782	0.000815	11,156	70	11,226	(301)	(3)	(3)	(304)	10,922	80	590	35
Tridell Lagoon Water	33,689,193	0.000682	1,237,231	0.000801	22,976	991	23,967	(1,325)	(153)	(151)	(1,629)	22,338	569	1,796	147
Johnson Water	3,033,076	0.000000	6,895	0.000000											
Naples redevelopment	6,556,903	0.010566			69,280				(69,280)	(69,280)					
Total Other Districts					\$ 2,779,076	\$ 310,754	\$ 3,089,830	\$ (73,590)	\$ (9,806)	\$ (166,530)	\$ (250,286)	\$ 2,839,344	\$ 47,681	\$ 126,562	\$ 4,651
GRAND TOTAL					\$ 26,684,523	\$ 2,043,951	\$ 28,728,474	\$ (691,279)	\$ (89,172)	\$ (60,481)	\$ (840,912)	\$ 27,887,541	\$ 359,754	\$ 696,309	\$ 81,505

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Uintah County
Vernal, Utah 84078

Re: Report on Legal Compliance with
Applicable Utah State Laws and
Regulations

Ladies/Gentlemen:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Uintah County, for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. As part of our audit, we have audited Uintah County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006.

The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Drug Court (Department of Human Services)
- Minimum Performance (Department of Health and Human Services)
- CIB Grant (Department of Community & Economic Developments)
- CIB Loan (Department of Community & Economic Developments)
- Central Dispatch Grant (Department of Justice)
- Airport Planning Grant (Department of Community and Economic Development)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Uintah County's financial statements.)

- Healthy Utah (Department of Health and Human Services)
- FACT/CHILD (Department of Health and Human Services)
- Tobacco Prevention and Compliance (Department of Health and Human Services)
- Revitalization Grant (Department of Community & Economic Development)
- Library Development (Department of Community and Economic Development)
- LHD Environmental Services (Department of Health and Human Services)
- Predator Control (Department of Natural Resources)
- Children Justice Grant (Department of Justice)
- Indoor Clean Air (Department of Health and Human Services)
- Alternative Program (Department of Human Services)

Wildland Fire (Department of Natural Resources Division of Forestry, Fire and State Lands)
 GIS Cadastral Mapping (Department of Technology Services)
 Recreation Planning Grant (Department of Community and Economic Development)
 Airport Improvement and Planning Grants (Department of Transportation)
 Utah Cancer Control (Department of Health and Human Services)
 State General Funds (Department of Health and Human Services)
 Chec (Department of Health and Human Services)
 Consumer Education & Assistance (Department of Health and Human Services)
 Election Grant (Department of Community and Economic Development)
 State Court Security (Department of Community and Economic Development)
 T/B Medication (Department of Health and Human Services)
 Diabetes (Department of Health and Human Services)
 Historic Preservation (Department of Community and Economic Development)
 Heritage Museum – Revitalization Funds (Department of Community & Economic Developments)
 Fire and Rescue (Department of Natural Resources Division of Forestry, Fire and State Lands)
 State Planning Grant (Department of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

Public Debt	Statement of Taxes Charged,
Cash Management	Collected and Disbursed
Purchasing Requirements	Justice Courts
Budgetary Compliance	B & C Road Funds
Truth in Taxation &	Uniform Building Code
Property Tax Limitations	Other Compliance Requirements
Assessing & Collecting of Property Tax	Transient Room Tax
Liquor Law Enforcement	

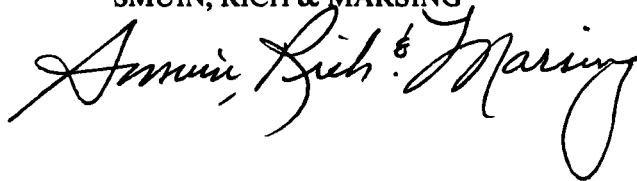
The management of Uintah County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Uintah County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, reading "Armin Rich & Marsing". The signature is written in dark ink and is positioned below the printed name of the firm.

Price, Utah

May 25, 2007

UINTAH COUNTY
SCHEDULE OF TRANSIENT ROOM TAX EXPENDITURE BREAKDOWN
AUDIT DECEMBER 31, 2006

SUMMARY OF EXPENDITURES

ESTABLISHING AND PROMOTING:

Tourism	\$	<u>120,000</u>
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Total Transient Room Tax Expenditures	\$	<u><u>120,000</u></u>
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Board of County Commissioners
Uintah County
Vernal, Utah 84078

RE: Report on Compliance and on Internal
Control Over Financial Reporting Based
on an Audit of Financial Statements
Performed in Accordance With Govern-
ment Auditing Standards

We have audited the financial statements of Uintah County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the schedule of findings and questions costs are material weaknesses.

Compliance and Other Matters

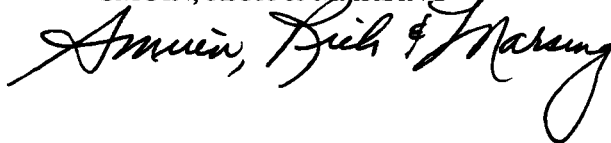
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and question costs as items.

We noted certain matters that we reported to management of Uintah County in a separate letter dated May 25, 2007.

Uintah County's response to the findings identified in our audit, are described in the accompanying schedule of findings and questioned costs or in the management letter. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 25, 2007

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Uintah County Commission
Uintah County
Vernal, Utah 84078

RE: Report on Compliance With Requirements
Applicable to Each Major Program and
Internal Control Over Compliance in
Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Uintah County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Uintah County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

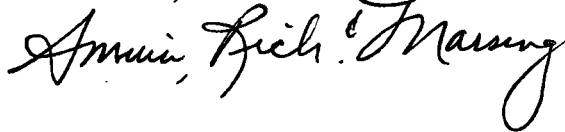
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 25, 2007

UINTAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Uintah County.
2. There were three significant deficiencies and no material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Uintah County were disclosed by the audit.
4. There were no significant deficiencies and no material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Uintah County expresses an unqualified opinion.
6. The audit of Uintah County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Women, Infant & Children	10.557
Home Land Security – SHSP	97.004
Airport Planning Grant	20.106
Airport Service Road Grant	20.106
Airport Land Acquisition	20.106
Help America Vote Act	90.401

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Uintah County was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

FINDING 2006-1

JAIL COMMISSARY RECEIPTS AND DISBURSEMENTS

Criteria:

According to the State of Utah Title-17-36 (Uniform Fiscal Procedures) County's are required to budget the expenditures of all funds of the County. Also according to State of Utah Code 17-24-1 the County Treasurer shall receive all money belonging to the county. Lastly, according to generally accepted accounting principles, governmental entities are required to develop a process of internal controls. These controls are to be designed by management to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)

FINDING 2006-1

JAIL COMMISSARY RECEIPTS AND DISBURSEMENTS (Continued)

Statement of Condition:

The Sheriff's department has a bank account, which it uses to deposit money it collects from inmates of the jail. Some of the money is inmate money collected when they are booked into the jail facility or money sent to inmates from friends and family. The jail also collects and deposits money to this account that it receives from the sale of personal use items, candy, telephone cards and other items through the jail commissary. The money collected by the jail and deposited to their bank account is not taken to the County Treasurer. When inmates are transferred or are released they are paid the remaining money that is theirs from the jail bank account. Since items sold to inmates through the jail commissary are marked up above the jail's cost, a profit from these sales accumulates in the jail commissary account. Periodically, the jail will use this money to purchase items such as, bedding, mattresses and linen. It is estimated between \$6,000 and \$8,000 was used from the jail commissary to purchase goods during the year 2006

Cause of Condition:

It appears the Sheriff's Office has instructed employees of the jail to keep the money received from the sale of commissary goods and to use this money as designated by the Sheriff's Office. Also, internal controls have either not been adopted or implemented to make sure that the County Treasurer receives these funds.

Effect or Possible Effect of Condition:

County funds collected by the jail are not properly taken to the County Treasurer and receipted as prescribed by law. Also internal controls are either not in place or are being circumvented so that funds received are not budgeted, appropriated and spent according to required standards. This creates an environment where County funds could be lost or misused.

Recommendation:

We recommend the County develop, adopt and implement internal control procedures over all commissary receipts. We recommend that all commissary money collected by the jail be timely delivered to the County Treasurer.

FINDING 2006-2

INTERNAL CONTROL – JAIL RECEIPTING DRUG/NONDRUG COURT

Criteria:

The County has adopted policies and procedures for receipting funds collected by the different departments of the County. Funds collected by departments of the County are to be taken, on a timely basis, to the Clerk/Auditors office to be receipted, then to the County Treasurer for deposit into County bank accounts. Also, state law requires public funds to be deposited daily if possible but no longer than three days.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)

FINDING 2006-2

INTERNAL CONTROL – JAIL RECEIPTING DRUG/NONDRUG COURT (Continued)

Criteria:

The County has a fiduciary responsibility to maintain proper accounting records for all money collected and to monitor the collection and use of these funds.

Statement of Condition:

The jail is using receipt books to record the money collected by the jail, for individuals, which are testing for drug use. Those in the Drug Court program, along with individuals who are not in the Drug Court program but are required to be tested for drug use, pay a fee for these tests to officers on duty at the location where the public first enters the jail facility. Officers use receipt books to receipt this money. Unfortunately, they are not using the receipt books in numerical order. Also, the funds that are being collected are in the form of cash. As we reviewed the receipting of these funds at the County Treasurers office, we found that these drug-testing fees, on the average, were being taken to the County Treasurer twice a month. This indicates a failure to deliver funds collected to the County Treasurer on a timely basis.

Cause of Condition:

Internal controls have either not been adopted or are not being followed to make sure that the receipt books are properly used, that funds are delivered to the County Treasurer on a timely basis and that adequate documentation is available to reconcile money collected by officers with the money turn over to the County Treasurer.

Effect or Possible Effect of Condition:

When receipt books are not used in numerical order the internal control from this procedure is lost. It makes it almost impossible to reconcile the money collected and recorded in receipt books to the money that has been delivered to the County Treasurer. Also, the failure to deposit money with the County Treasurer on a timely basis causes the County to be in non-compliance with State of Utah law. When money cannot be reconciled because of improper receipting procedures, coupled with receipts being almost all cash and untimely deposits of this money with the County Treasurer, it creates an environment where money could be lost, stolen or misused.

Recommendation:

We recommend that internal control procedures be adopted and implemented that requires jail employees to properly receipt money collected from drug testing. We recommend that money is delivered to the County Treasurer daily if practical. We recommend the County Clerk/Auditor help in setting up these procedures and that he monitor the receipting, depositing and recording of these funds in the County's receipt books, bank accounts and financial statements.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)

**FINDING 2006-3
UNIFORM ALLOWANCE**

Criteria:

The County has adopted a policy, which requires the County to pay each officer a yearly uniform allowance to help in covering the cost of purchasing and maintaining their uniforms.

Statement of Condition:

The Uniform allowance that should be paid to each qualifying officer is instead being paid to the Sheriff's Association. The uniform allowance should be paid directly to each officer. Since the County has paid uniform allowances to the Sheriff's Association, the County has not properly withheld payroll taxes, remitted withholding taxes or correctly reported the uniform allowance on each officer's payroll reports.

Cause of Condition:

At sometime in the past, the Sheriff and officers have agreed to have uniform allowances paid to the Sheriff's Association.

Effect or Possible Effect of Condition:

The County's policies and procedures authorize the payment of a uniform allowance to qualifying officers. To pay this allowance into the Sheriff's Association is not in compliance with County policies and procedures and possibly is not an authorized expenditure. As time passes and new officers are hired or older officers change their mind about the required payment of these uniform allowances to the Sheriff's Association, it could make it hard for officers to request this allowance back without creating problems in their work environment. Another effect is uniform allowances are part of an officer's compensation and the required withholding and payroll reports are not being filed.

Recommendation:

We recommend the County make the payment of uniform allowances directly to officers that qualify. We also recommend these uniform allowance payments be handled correctly with regards to payroll withholding and reports.

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

UTAH COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSE- MENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
93.556		\$ 10,000		\$ 5,030	\$ 5,030	
		\$ 10,000		\$ 5,030	\$ 5,030	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct Program:						
Children's Alliance Fund						
Total direct programs						
Passed Through Utah Department of						
Community and Economic Development:						
93.044	06-0318	\$ 21,749		\$ 21,749	\$ 21,749	
93.045	06-0318	59,704		59,704	59,704	
93.043	06-0318	2,189		661	661	
93.052	06-0318	19,533		8,661	8,661	
93.044	05-2414	34,499		16,185	16,185	
93.045	05-2414	57,073		23,798	23,798	
93.052	05-2414	19,533		13,508	13,508	
93.042	May-14	4,900		4,900	4,900	
93.779	06-0318	6,000		2,663	2,663	
93.779	05-2414	6,000		1,304	1,304	
93.778	05-0259	16,940		4,194	4,194	
93.778	06-0318	15,754		2,743	2,743	
		\$ 263,874		\$ 160,070	\$ 160,070	
Total passed through DCED						

UNTAH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSE- MENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
93.991	06-1793	\$ 4,987		\$ 4,698	\$ 4,698	
93.940	06-1594	1,000		1,000	1,000	
93.268	06-2213	44,994		44,994	44,994	
93.268	06-2213	89,738		89,618	89,618	
93.116	05-2375/06-2472	1,000		32	32	
93.778	06-0142/07-0751	16,701		5,176	5,176	
93.778	06-0142/07-0751	13,524		10,986	10,986	
93.283	05-2472/06-1793	18,350		9,866	9,866	
93.283	05-2472/06-1793	8,850		2,124	2,124	
93.977	05-2375/06-1594	400		397	397	
93.283	05-1288	244,629		129,916	129,916	
93.283	06-0954	122,315		108,105	108,105	
93.994	06-2213	48,173		48,173	48,173	
93.994	06-2213	25,487		25,825	25,825	
93.994	06-1677	55,000		56,786	56,786	
93.994	06-1793	5,500		239	239	
93.283	06-1877	51,966		15,282	15,282	
93.283	05-2472/06-1793	39,871		40,494	40,494	
93.558	03-1871	28,145		28,145	28,145	
93.945	05-2472/06-1793	50,000		39,170	39,170	
93.991	06-1793	24,697		24,761	24,761	
93.11	05-2384	1,000		779	779	
93.994	05-2384	8,500		3,980	3,980	
Total passed through Utah Department of Health			\$ 904,827	\$ 690,546	\$ 690,546	\$...
Total U.S. Department of Health and Human Services			\$ 1,178,701	\$ 855,646	\$ 855,646	\$...

UINTAH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSE- MENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
		\$ 4,585		\$ 4,585	\$ 4,585	
10.672		\$ 4,585	...	\$ 4,585	\$ 4,585	\$...
Total direct programs						
U.S. DEPARTMENT OF AGRICULTURE						
Direct Program:						
Forest Patrol						
Total direct programs						
Pass Through State Department of Human Services:						
Special Supplemental Food Program						
for Women, Infants and Children						
10.557	06-1088	\$ 231,221		\$ 56,082	\$ 56,082	
10.557	05-1088	562,300		278,114	278,114	
10.557	05-1088	16,893		10,865	10,865	
10.557	06-1088	394,800		93,782	93,782	
10.557	05-1088	235,807		165,352	165,352	
10.557	06-1088	21,480		790	790	
Total passed through State Department of Human Services						
		\$ 1,462,501	\$...	\$ 604,985	\$ 604,985	\$...
Passed Through Utah Department of						
Community and Economic Development:						
10.550	04-2248			\$ 27,456	\$ 27,456	
10.550	05-2414	\$ 43,097		\$ 27,456	\$ 27,456	
Total passed through DCED						
		\$ 43,097	\$...	\$ 27,456	\$ 27,456	\$...
Passed Through State						
Forest Reserve						
10.666				\$ 32,880	\$ 32,880	
Total U.S. Department of Agriculture						
		\$ 1,510,183	\$...	\$ 669,906	\$ 669,906	\$...

UNTAH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSE- MENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed Through Utah Department of Community and Economic Development:						
14.228	06-1136	\$ 11,321	\$	11,321	\$ 11,321	
14.228	07-0200	60,000		27,923	27,923	
14.228	06-0048	65,000		44,901	44,901	
		\$ 136,321	\$	84,145	\$ 84,145	\$
Total Department of Housing and Urban Development						
U.S. DEPARTMENT OF JUSTICE						
Passed Through Utah Department of Commission on Criminal and Juvenile Justice:						
16.579		\$ 20,000		1,451	\$ 1,451	
16.575		17,577		17,577	17,577	
16.575		37,792		26,808	26,808	
		\$ 75,369	\$	45,836	\$ 45,836	\$
Total passed through Utah Department of Commission on Criminal and Juvenile Justice						
Passed Through Utah Department of Public Safety:						
		\$ 748,492		515,124	\$ 515,124	
		\$ 823,861	\$	560,960	\$ 560,960	\$
Total U.S. Department of Justice						
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through State Department of Transportation:						
20.106	AIP1258100001.2005.5	\$ 40,000		38,104	\$ 38,104	
20.106	AIP3-49-0037-20	131,848		125,255	125,255	
20.106	AIP3-49-0037-21	537,669		515,536	515,536	
20.600	CP04-02-09	13,000		13,000	13,000	
		\$ 722,517	\$	691,895	\$ 691,895	\$
Total U.S. Department of Transportation						

UINTAH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSE- MENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2006
ENVIRONMENTAL PROTECTION AGENCY						
66.605	06-2213	\$ 2,300		\$ 1,150	\$ 1,150	
66.468	06-2213	4,650		2,325	2,325	
		\$ 6,950	\$...	\$ 3,475	\$ 3,475	\$...
Total Environmental Protection Agency						
FEDERAL EMERGENCY MANAGEMENT AGENCY:						
97.042		\$ 6,000		\$ 6,000	\$ 6,000	
83.552		8,832		4,419	4,419	
		\$ 14,832	\$...	\$ 10,419	\$ 10,419	\$...
Total Federal Emergency Management Agency						
U.S. TREASURY						
45.301		\$ 17,864		\$ 16,063	\$ 16,063	
45.301		90,000		20,317	20,317	
		\$ 107,864	\$...	\$ 36,380	\$ 36,380	\$...
Total U.S. Treasury						
ELECTION ASSISTANCE COMMISSION						
90.401		\$ 337,091	\$...	\$ 337,091	\$ 337,091	\$...
Total U.S. Department of Homeland Security						
97.067				\$ 107,187	\$ 107,187	
		\$...	\$...	\$ 107,187	\$ 107,187	\$...
Total U.S. Department of Interior						
		\$ 4,838,320	\$...	\$ 3,357,104	\$ 3,357,104	\$...
TOTAL FEDERAL ASSISTANCE						

* Tested as Major Federal Financial Assistance Programs

UINTAH COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF DECEMBER 31, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

2. FOOD INSTRUMENTS

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of Uintah County. The Tri County Health District operates the Women, Infant and Children program. As part of this program, the health district distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items.

The dollar amounts reported on the schedule of expenditures of federal awards are the fair market value that food instruments can be redeemed for.

3. VACCINES

As part of the immunization program of the Tri County Health District, vaccines were provided by federal agencies. The fair market value of these vaccines has been reported on the schedule of expenditures of federal awards as immunization.

**UINTAH COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Uintah County has no prior audit findings that were required to be reported in the current audited financial statements. Any prior audit findings have been corrected.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Uintah County
Vernal, Utah 84078

Ladies and Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Uintah County for the year ended December 31, 2006.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluating of the systems and procedures, this memorandum should not be considered all-inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

BUDGET COMPLIANCE

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of total appropriations for any department in the General Fund or by fund for other fund types. The County has overspent the following department in the General fund in the current fiscal year:

General Fund	
Clerk/Auditor	\$167,343

We recommend the County periodically review the expenditures and encumbrances with the adopted budget to make sure expenditures do not exceed approved spending limits.

RECEIPTING PROCEDURES – DRUG TESTING

As a result of our audit planning and risk assessment of the internal controls of the County, we selected cash receipting procedures of drug testing fees for the drug court program and non-drug court testing fees at the County Jail facility. From tests performed, we found money received for these two sources are collected and receipted at the main entrance to the jail. The receipt and funds collected are put into a locked box and only the officer responsible for these funds has access. Periodically the officer in charge of these funds retrieves the locked box, counts the money and matches individual funds to individual receipts. The money is then given to another officer who takes the money to the Clerk/Auditor to be recorded and then to the County Treasurer for deposit in County bank accounts.

RECEIPTING PROCEDURES – DRUG TESTING (Continued)

Areas of internal controls which increase the risk of loss or misuse of County funds would be: 1) almost all receipts are cash, 2) the time between receipting the money at the jail and delivering it to the County Treasurer is too long, and 3) because receipt books are not used in numerical order it is impossible, for an independent third party after the fact, to reconcile the amount of money collected per receipt books to the actual money delivered to the County Treasurer.

We recommend the County adopt and implement internal control procedures that require officers to issue receipts for all funds collected and to use receipts in numerical order. We also recommend, funds collected from drug testing fees be reconciled to receipts and delivered to the County Treasurer daily if practical but at least within the three day deposit requirement of the State.

JAIL COMMISSARY

The Jail has a bank account that is used to deposit money they collect from inmates booked into the Jail. This account also is used to deposit money received by the Jail in behalf of inmates. With the money held for inmates by the Jail, inmates can purchase commissary items, such as, toiletries, snacks, telephone cards and other personal use items. The Jail marks up these items and sells them to inmates at a profit. The profit from the sell of these items is held in the Jail bank account and is used by the Sheriff's Office to purchase bedding, mattresses and linen for the Jail. The profit made by the Jail is not being turned over to the County Treasurer according to State Law. Also, the money spent from this account is not being budgeted for appropriation as required by State Law.

We recommend the County develop, adopt and implement internal control procedures over the profit earned on commissary sales to make sure they are taken to the County Treasurer each day if practical or with three days as required by law. As money is deposited and recorded in the County's accounting system, it will then be subject to the appropriate budgeting process.

UNIFORM ALLOWANCE

The County has adopted a policy, which authorizes the payment of a uniform allowance to officers. This allowance should be paid to officers and recorded as compensation to them in the County's payroll system. At some time in the past, it appears that the Sheriff has requested that uniform allowance money be paid to the Sheriff's Association, or officers and the Sheriff have agreed that uniform allowance money should be paid to the Sheriff's Association.

Since the uniform allowance has been approved for officers as individuals, this allowance should be paid directly to officers. We recommend the County make uniform allowance payments to officers as outlined in County policies. We also recommend, that this allowance be recorded as compensation on officers W-2's and amounts be properly recorded in payroll reports.

DEPOSIT REQUIREMENTS

Utah Code 51-4-2(2) states that "All public funds shall be deposited daily, whenever practicable, but not later than three days after receipt." During the audit of the financial statements for the year ended December 31, 2006, we found the County had not complied in some instances with the three-day deposit rule. This occurred because money for drug testing fees had not been taken to the County Treasurer timely.

We recommend the County review the requirements for depositing public funds with employees responsible for receipting and delivering drug testing fees to the County Treasurer. We also recommend, the County make sure that employees comply with this requirement. To make sure procedures are followed, the County Sheriff may need to monitor employees to make sure that County money is delivered to the Treasurer within the three-day rule.

C-500 REQUIRED REPORTING

Utah Code Section 51-4-2 requires that each County that has collected funds that are due to the State of Utah shall, within thirty days following the end of each quarter, pay the funds to the State and file a form C-500.

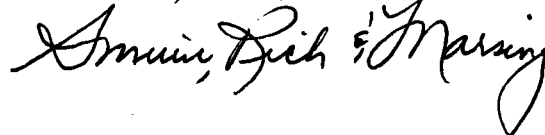
From examination of the C-500 reports, it was found that first and third quarter reports were not filed within thirty days following the end of the quarter. We recommend the County Building and Zoning Department comply with Utah Code and file the C-500 reports within thirty days after the close of each quarter.

SUMMARY

We feel the accounting procedures and internal control items mentioned above are some areas where the County can make changes to improve its internal control structure in order to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING



Price, Utah

July 29, 2007

UINTAH COUNTY CLERK-AUDITOR

147 East Main
Vernal, Utah 84078
Phone: (435) 781-5362
Fax: (435) 781-6701

Michael W. Wilkins
Clerk-Auditor

September 7, 2007

Smuin, Rich & Marsing
Certified Public Accountants
PO Box 820
Price, Utah 84501

Dear Gentlemen;

In response to the management letter we received, the following practices have or will be implemented as soon as possible:

BUDGET COMPLIANCE:

The Clerk-Auditor department in the General Fund was overspent at the end of the fiscal year 2006. The County Received Election Equipment from the Lt Governors office, that the State had bought with Federal Funds, and gave the equipment to the counties. The cost of equipment and the federal funds that paid for it was not incorporated into the budget.

RECEIPTING PROCEDURES:

This week-ness was discussed in last years management letter but ultimately was not followed thru do to our past Sheriff defeat in the election and he would not allow anything to change. We have implemented new software at the Jail that will require all funds to be receipted thru and deposited on a daily basis with the county Treasurer. I have reviewed the internal controls with the new Sheriff and new Jail Commander.

JAIL COMMISSARY:

The Jail bank account will become an inmate trust account only and all sales will be remitted to the treasurer on a daily basis and all costs of the commissary items will be budgeted for thru the county jail budget. All sales of commissary items will be receipted through the County treasurer on a daily basis.

UNIFORM ALLOWANCE:

Uniform allowance will be paid on a quarterly basis through the counties payroll system. And will be reflected on the individuals W-2's.

DEPOSIT REQUIREMENTS:

The implementation of the receipting procedures identified above should take care of the deposit requirements that have not been meet.

C-500 REQUIRED REPORTING:

The failure to file the C-500 report was in our Building & Zoning Department, this has been discussed with the department and the department has assured me that it will be filed on time in the future.

We appreciate your recommendations. And any other recommendations to assist us in operating Uintah County in a more efficient matter.

Sincerely,

Michael W. Wilkins

Michael W. Wilkins
Uintah County Clerk-Auditor

cc: Utah State Auditor

Uintah County Sheriff's Department

152 East 100 North-Vernal, Utah 84078

Phone: 435-789-2511 Fax: 435-781-5412

JEFF MERRELL

SHERIFF

September 6, 2007

Smuin, Rich, & Marsing
Certified Public Accountants
294 E 100 S
Price, Utah 84501

Re: Review Accounting Procedures

Gentlemen:

We have received your recommendations and comments concerning the examination of the financial status of the Receipting Procedures-Drug Testing, Jail Commissary, Uniform Allowance, and Deposit Requirements.

After the public meeting with yourself and the Uintah County Commission, it was determined there was no criminal or misconduct discoveries within the Uintah County Sheriff's Office or the Uintah County Jail.

The previous procedure and internal control for the above mentioned areas are being interfaced with the Uintah County Auditor's Office; therefore any transactions will be receipted and paid through the Uintah County Treasurer. Due to computer glitches, this will be completed as soon as possible and no later than implementation into our 2008 budget. At this time we are into our 2008 budget process.

The following steps are being initiated to comply with the requested accuracy for the Jail accounting.

The receipting procedures for the drug testing will be tracked

through a budget line item, to interface with the Uintah County Auditor's office, and receipted to the Uintah County Treasurer. The designated Jail Officer will be required to have this line item in his/her computer system, comparable with the Auditor's office. All monies will be receipted automatically, with computer generated receipt numbers, and thus receipted to the County Treasurer, within the three-day deposit rule, by the designated Officer.

All monies received for the Jail Commissary will also have the same line item tracking system and deposit requirements to interface with the County Auditor and County Treasurer.

The Uniform Allowance has also been assigned a line item by the Uintah County Auditor. The Uniform Allowance will be requisitioned, by the designated clerk, through the County Auditor's office within the budget requirements, and dispersed quarterly to the individual Officers through the County Treasurer Office. Each year this dollar figure will reflect in the W-2 form mailed to each Officer, from the Payroll Division of Uintah County.

All reports will be filed within the thirty day period following the end of the quarter, Utah Code Section 51-4-2.

The accounting procedures, mentioned above, have been changed and brought into compliance in accordance with the Uintah County Auditor's requests, as well as your guidelines.

Again, I want to reiterate there was no misconduct or criminal activity as a result of this previous accounting system. This was only the result of prior procedure.

If you have any further questions or concerns, please feel free to contact me.

Sincerely,


Jeff Merrell
Uintah County Sheriff

JM/bjr

pc: Mike Wilkens, Uintah County Auditor
Wendy Long, Uintah County Treasurer
Mike McKee, Uintah County Commissioner
Stephanie Stensgard, Uintah County Jail
Lamar Davis, Uintah County Jail